

the taxpayer

SUMMER 2013

CTF Floats Senate Referendum P24



Taxpayer.com

From the President



Troy Lanigan

tlanigan@taxpayer.com

"Big Show" Better Than "No Show"

Our campaign in support of a referendum on the future of the Senate [page 24] received plenty of attention. To launch the campaign we inflated a 30-foot balloon – that may or may not look like a certain independent Senator – on the banks of the Ottawa River with Parliament in the background.

The balloon immediately created a stir in the nation's capital: Tweeted the *National Post's* Andrew Coyne: "Maybe the best media stunt ever."

The majority of our supporters that sent in notes said they "loved-it" or "brilliant" but others wrote to say it was a "waste of money," and nothing but a "big show."

The comments prompted me to take a moment to explain that props like the balloon define both our tactics and to a lesser extent our brand.

On the same day we announced our Senate referendum campaign, a think tank on the other side of the country issued a report on a health care topic of far greater importance than anything to do with the Senate.

Yet the next day the think tank's report gleaned coverage in 14 newspapers compared to 59 newspapers (five running off front page) that covered the CTF's Senate referendum campaign.

The point is to illustrate that *delivery* of message is as important – if not more important – than *content* of message.

When and where do we hold our press conference? Who else

“Being correct on an issue has nothing to do with being successful on an issue.”

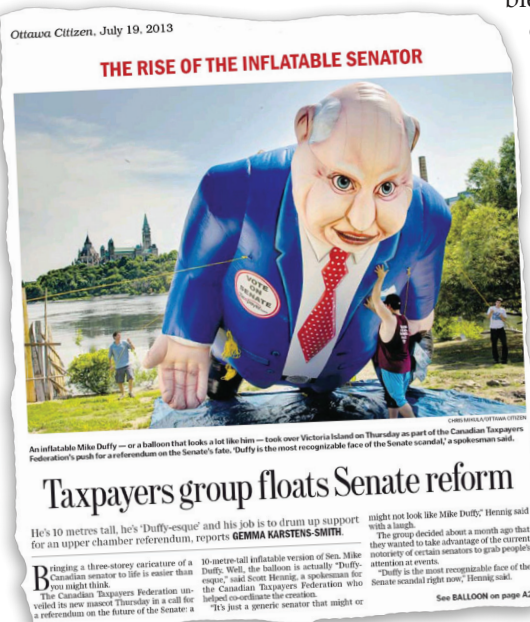
can we involve? What visuals can we add? How do we mobilize our supporters? What will we do next to keep momentum going? Our staff spends hours strategizing and poring over these details because we recognize that a “big show” is always better than a “no show.”

Are we always successful? Of course not. Sometimes the chainsaw doesn't start or the bag carrying \$1,800 in loonies rips open. But no one can deny the impact of images like the National Debt Clock, events like Gas Tax Honesty Day, our annual Teddy Waste Awards – replete with a tuxedo clad pig and model in evening wear – and how stunts like a banner-toting plane flying over Parliament Hill last September may have been the last straw in ending gold-plated MP pensions.

Like most visuals, there is a price tag. Our inflatable Senator cost \$4,700. Yet, when one considers the visual was indispensable in generating over \$1 million in publicity for our campaign, I'd argue it was the best \$4,700 we spent all year.

When it comes to public policy battles, the most important lesson I ever learned was this: being correct on an issue has nothing to do with being successful on an issue.

As important as research and verification is on every campaign we undertake, if the campaign doesn't earn public and media attention... how is it ever going to be successful? **t**



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Silent Majority Demands Accountability

I hear this complaint quite often: "Casey, you're always talking about money and taxes." It's really not about the money but what money represents. Money represents the means by which you secure your house, food and the material enrichments for your children and community.

Without money none of the above will take place unless it's somebody else's charity. Charity is important within society for those unable to provide for themselves. However, as Abraham Lincoln said: "You cannot help men permanently by doing for them what they could and should do for themselves."

Lincoln's principle is innate-

ly perceived to be fair-minded by a great majority of people. That's not to say that societies won't extend grace to enable people to better themselves, we do, but society shouldn't enable the ongoing dependent behaviour with bad public policy.

The silent majority demands accountability in the enactment of society's social conscience. Nobody wants to be used unfairly because the total of the taxes we pay is still greater than what we spend on food, housing and clothing combined.

Casey Timmermans
Nanaimo, B.C.

Don't Abolish the Senate

I'm all for Senate reform and feel the Senate is of little use

to the nation. However, it is of note that in the Constitution it states that Prince Edward Island will have representation in the House of Commons equal to its number of Senators.

PEI currently has four senators (one of whom is an embarrassment) and therefore has four MPs in the House of Commons. If the Senate were abolished outright then PEI, according to the Constitution, would be reduced to a single MP based on population.

When PEI joined confederation it was only because of this "fair representation," although disproportionate. At the time PEI was closely connected to the New England states and was being lobbied to become a state in the U.S. Canada, fearing this, offered PEI four Senators.

So, as you can see, as an islander I have some concern in outright Senate abolishment and lean more heavily toward Senate reform, although I'm sure that reform will be much more difficult to achieve.

Gilles Arsenault
Charlottetown, PEI

What's a Billion?

A billion is a difficult number to comprehend, but one advertising agency did a good job of putting that figure in to some perspective in one of its releases (updated by CTF staff):

- A billion seconds ago it was 1982.
- A billion minutes ago, people who had met Jesus were still alive.
- A billion hours ago our ancestors were living in the Stone Age.
- A billion days ago no one on the earth walked on two feet.
- A billion dollars ago was only 19 days, 12 hours and 27 minutes, at the rate our federal government is borrowing it.



Letters to the editor

Letters may be edited for length, content and clarity.

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cial legislatures are the results of a rapid deterioration of our colonial institutions.

Harper's decision to pro-rogue the government of the day, not once but twice, for no other reason than because he could not have his way, was one of the earlier "tell tales."

Since then, Harper has used every opportunity to demonstrate his level of contempt for the people, our federal Parliament and the Queen. Harper has appointed a total of 52

people to a Senate he insisted were going to be elected, and the spending of billions of dollars without debate, zero transparency and no accountability have become the new norms.

Today nobody can be held accountable for anything by anybody. That includes the premiers, our Prime Minister and our Supreme Court.

To abolish the Senate would only serve as a distraction.

Andy Thomsen
Summerland, B.C.

Working for the government

A guy stopped at a local gas station and, after filling his tank, he paid the bill and bought a soft drink. He stood by his car to drink his cola and watched a couple of men working along the roadside.

One man would dig a hole two or three feet deep and then move on. The other man came along behind him and filled in the hole. The men worked right past the guy with the soft drink and went on down the road.

"I can't stand this," said the man, tossing the can into the recycling bin and heading down the road toward the men. "Hold it, hold it," he said to the men. "Can you tell me what's going on here with all this digging and refilling?"

"Well, we work for the government and we're just doing our job," one of the men said.

"But one of you is digging a hole and the other fills it up. You're not accomplishing anything. Aren't you wasting the taxpayers' money?"

"You don't understand, mister," one of the men said, leaning on his shovel and wiping his brow. "Normally there are three of us: me, Elmer and Leroy. I dig the hole, Elmer sticks in the tree, and Leroy here puts the dirt back. Elmer's job's been cut... so now it's just me and Leroy..."

Featured Supporter

William Carmichael, Dauphin, MB

William Carmichael is a long-time supporter of the Canadian Taxpayers Federation. He recently celebrated his 90th birthday. CTF ambassador Earl McGregor recently caught up with William and wrote *The Taxpayer* this note:

At 90 years young, Bill Carmichael is not suffering from apathy. Bill still drives in excess of ten miles each way to feed his cattle and dogs at his farm every day, cooks and looks after himself.

He spoke of people asking him how he does it. His answer: "I just do it."



What an example he is for a lot of apathetic Canadians who take the easy route.

In addition to renewing his annual support for the CTF, he chipped in an extra \$25 to help fund the CTF's student intern program.



Unethical severance

Ottawa's integrity commissioner has determined severance paid to a married couple by federal crown corporation, Blue Water Bridge Canada (BWBC), was excessive. BWBC paid the couple a total severance package of \$650,000.

BWBC manages two bridges connecting Sarnia, ON, and Port Huron, MI.

In 2008, BWBC's then-president and CEO Charles Chrapko awarded the wife – who served as a human resources manager – \$366,000 in severance, which was the equivalent of three years' salary and benefits. She was dismissed because of proven harassment claims against her. However, in order to award a maximum severance, she was declared dismissed without cause.

Then in 2011, the husband – who served as a project manager for the organization – also left, receiving the equivalent of two years' severance – \$292,000.

Chrapko also paid the husband an extra year's salary via a retainer that allowed him to work from home. The husband retired three months after taking this new position just prior to release of findings on a sexual harassment charge against him.

The commissioner determined Chrapko had a close relationship with the married couple and stated, "These actions constitute a misuse of public funds."

With files from the National Post

El overpayments exceed a quarter-billion dollars

Despite Ottawa taking a more aggressive approach in tracking down overpayments and fraudulent claims in its Employment Insurance (EI) program, a recent report by Auditor General Michael Ferguson suggests Ottawa still has more work to do.

The auditor stated in 2011-12, EI made overpayments of \$185 million and paid out another \$110 in fraudulent claims, totalling \$295 million in mispayments.

Unfortunately, these numbers only reflect known overpayments; the actual total could be closer to \$578 million.

Ferguson noted EI is trying to collect nearly \$662 million in overpayments via claw-backs, but added he doubts if more than a third will ac-

tually be collected. Part of this is due to EI's own inefficiencies and a policy that doesn't allow it to collect overpayments more than six years old.

In 2011-12, EI paid out \$16.1 billion in benefits on 2.9 million claims.

With files from the National Post

\$30 million relocated

Ontario Superior Court Justice Peter Annis ordered the federal government to pay \$30 million to the Envoy Relocation Services (ERS) because it unfairly lost a contract in 2004.

For years, ERS unsuccessfully bid on federal contracts to move the approximately 18,000 bureaucrats and military personnel who are transferred each year.

The court ruled bureaucrats in Public Works and Government Services "intentionally" worked the system to ensure Royal LePage Relocation Services (RLRS) consistently won the contract. RLRS won the contract in 1999, 2002, 2004 and 2009.

Since 2002, Envoy suspected that bureaucrats had tilted the bidding process to favour Royal LePage. This was confirmed in 2006, when an Auditor General report suggested bureaucrats jiggered the bidding process to favour RLRS.

This led ERS to launch its successful lawsuit against the federal government. In his ruling, Justice Annis concluded bureaucrats had set the contractual requirements so they played to RLRS's strengths.

The judge also reprimanded the department because of attempts to cover up the debacle by refusing to call senior bureaucrats to the stand and its unwillingness to release incriminating documents without a court order.

The problems stemmed from one line in the contract that told bidders to inflate the price for property management services. RLRS knew that this was rarely used and bid zero. In turn, ERS bid \$48 million making its contract too high. After winning the contract, RLRS then turned around and charged the government the property management fees it said it would not charge. Senior bureaucrats, in turn, authorized and approved these additional management fees.

The court awarded ERS \$20.5 million for losing the contract to move military



Defence Department loads up on paper shufflers.

personnel and \$8.5 million for not winning the contract for moving RCMP and bureaucrats plus interest and costs.

With files from the *National Post*

Revenue Canada employees on the take?

The RCMP officially charged two former employees of the Canada Revenue Agency (CRA) in Montreal with accepting bribes. It is alleged Gennaro Di Marzio (a CRA team leader) and Nicola Iammarrone received bribes estimated in the hundreds of thousands of dollars that enabled companies to evade taxes.

This tax evasion scheme apparently cost the federal government over \$4.5 million in lost revenue.

The RCMP allege Montreal-based accountant Francesco Fiorino solicited businesses, telling them that he could reduce their tax payments for a fee. The Revenue Canada employees were then allegedly bribed not to audit the respective companies.

Fiorino is facing 34 charges of bribing a public official, Di Marzio 11 charges and Iammarrone 12.

With files from the *Globe and Mail*

Diverting power

Five BC Hydro workers were fired and three others are under investigation after the government-owned hydro company discovered employees were illegally diverting power to marijuana grow-ops.

This not only provided these grow-ops – which are intensive power users – free electricity, but the employees' actions also disguised the grow-ops' activities, as power spikes are often tell-tale signs of this illicit activity.

A report published in 2011 said that power theft by marijuana grow-ops costs BC taxpayers \$154 million a year.

With files from the *Regina LeaderPost*

National Library joins expense scandal club

The resignation of Daniel Caron, head of the National Library and Archives (NLA), revealed this little-known feder-

al agency has officially joined the elite expense scandal club.

In 2011 and 2012, Caron expensed claims of \$87,000 each year. That works out to a weekly expense budget of \$1,673.

Caron resigned when his questionable expense claims became public. This included charging taxpayers \$5,000 for second-language lessons – Spanish lessons, not French.

But it doesn't stop there. He also expensed 31 lunches with "consultants" that cost taxpayers \$2,000.

He also enjoyed the fine life. Expensing travel and stays in five-star hotels in such locales as Puerto Rico, Australia and Europe.

With files from the *Ottawa Citizen*

\$367 per word

Many don't realize the Federal government has a poet laureate on the payroll. It is a two-year appointment and taxpayers cough up a yearly salary of \$20,000, \$13,000 for expenses plus a \$20,000 programming budget for a total annual cost of \$53,000.

The position came into being in 2002.

The poet laureate is supposed to write poetry commemorating significant events in Canada.

But according to current poet Fred Wah, he has only been asked to write one poem during his two-year term – an ode commemorating Queen Elizabeth's Diamond Jubilee.

By his own admission, Wah described the poem entitled "The Snowflake Age" as "mediocre."

So this 289-word poem – based on two years' salary, expenses, etc. – cost taxpayers nearly \$367 a word.

But the federal government is not alone. Many provinces also have poet laureates and even a number of cities such as Calgary and Barrie.

With files from the *Ottawa Citizen* / *National Post*

Food truck in Mexico

Agriculture and Agri-Food Canada (AAFC) spent \$50,000 to operate a Canada cuisine food truck in Mexico City for three weeks.

B.C. taxpayers power Marijuana grow-ops for free



The job of this single truck was to promote Canadian cuisine.

What would authentic Canadian food entail?

When the *National Post* queried AAFC about the project, a spokesperson replied only 35% of Mexicans could identify a particular food product as authentically Canadian. Topping the list were fish and maple syrup.

Many wonder whether the percentage would be any higher if Canadians were asked the same question.

Well, it appears Agriculture Canada had the same problem. The truck touring Mexico featured, among other things, McCain french fries with gravy and cheese (poutine), but the original curds were replaced by Inca Oaxaca cheese, so it's not authentically Canadian. Other "typical Canadian cuisine" included tuna glazed in maple syrup.

Ottawa even set up a special Spanish website: saboresdecanaa.mx to promote the venture.

With files from the *National Post* and *eater.com*

Tax refugee returns

Ikea is the world renowned Swedish manufacturer of ready-to-assemble furniture.

What many don't realize is that Ingvar Kamprad, who founded Ikea in a garden shed 70 years ago, fled to Switzerland in the 1970s due to Sweden's abusively high taxes. His family still owns and runs Ikea.

However, Kamprad – who recently stepped down from a key governing board in Ikea – announced he will be returning to Almhult, Sweden, the very village where he started the business.

With the passing of his wife a year and half ago, he wants to be closer to family and friends. He said the move became more palatable as the Swedish government has made some progressive changes, including abolishing its wealth tax, reining in its generous welfare pro-

Expense scandal at National Library

grams and even reducing income taxes.

With files from the *Globe and Mail*

Big salary increase in Saskatoon school division

The CTF received information from an anonymous tipster outlining how much salaries increased at the Saskatoon school board between 2010-11 and 2011-12 fiscal year.

Here is a breakdown of some of the numbers:

- In 2010-11, the Saskatoon School Board had 196 employees earning in excess of \$80,000 a year; in 2011-12 that number had jumped to 714.
- 2010-11, the highest-paid person earned between \$180k and \$190k a year; the next year the highest-paid person earned between \$250k and \$260k a year. That's about a 30% pay increase in one year.
- In 2010-11, 45 people earned over \$100k per year; in 2011-12 that number was 95.

Overall, the total number of employees increased from 3,361 to 3,515

With from the Canadian Taxpayers Federation

Dalton McGuinty resigns

Dalton McGuinty, the former premier of Ontario, recently announced he was retiring as an MPP. One of the benefits of being an Ontario MPP is you receive a severance even if you decide to retire or quit on your own volition or are defeated in the polls.

McGuinty will be leaving the Ontario legislature with an 18-month severance worth \$313,500.

Over the past few months, McGuinty has been criticized for his poor attendance record in the legislature.

With files from *Sun News*

Defence Department loads up on bureaucrats

Forget front-line soldiers and better equipment – the Department of National Defence and Canadian Forces (DND) loves its paper shufflers.

Between 2005-06 and 2011-



12, the civilian bureaucracy and administrative staff at the defence department (mostly in Ottawa) grew by a whopping 30% from 20,978 employees to 27,177.

What is even more staggering is this increase was double the 14% overall bureaucratic growth rate of the federal government for this same period.

A review of military spending by retired Lieutenant-General Andrew Leslie in 2011 warned of the burgeoning growth of non-uniformed employees at DND. He reported the 29,348 bureaucrats working for DND in 2010 was the highest number of number of non-uniformed civilians ever employed by the defence department.

Because of his report, DND laid off a number of bureaucrats. However, Leslie noted the department chose to preserve the Ottawa bastion and largely cut civilian staff at bases where they actually provide valuable support to front-line troops.

When Leslie was preparing his report, defence bureaucrats refused to release data on the number of civilian employees, forcing Leslie to dig up the information from other sources.

With files from the *National Post*

MPs exacerbate expense scandal

With smoke swirling on Parliament Hill over allegations senators misused their expense allowance, this past March Canadian MPs brazenly increased their expense allowances from \$26,238 a year to \$28,000.

That's an additional \$1,762 a year of secret spending as the government still refuses to require MPs and Senators to post their expenses on-

line for public perusal.

MP's pay, which had been frozen due to the recession, also increased from \$157,731 to \$160,200 per year.

With files from the *Windsor Star*

Official bilingualism gone nuts

By Scott Hennig

Every summer we head to Elk Island National Park, north of Edmonton, for a family golf tournament. And every year we show up to the same northern gate to the national park and we use their automated machine to purchase a park day pass.

There's a booth there, but I've never seen it manned, likely because it's usually pretty quiet at that end of the park.

This year I drove up and the machine wasn't working.

Being that my tee-time was in 30 minutes, I didn't have time to drive to the far end of the park to check to see if the other automated machine there was working, so I headed to the golf course.

After my round I happened upon a park officer ticketing my vehicle. I explained that the machine wasn't working at the gate, and he said that I needed to go to the campground office to purchase a pass. I agreed that I would and he tore up my ticket.

As I was purchasing my day pass, I suggested to the friendly young woman at the campground office that it would be helpful if they put a sign on the machine explaining that passes could be purchased at the campground office, as I had no clue where to go to purchase a pass.

She said that they had gone and put an "out of order" sign on the machine...

"Well... it's pretty clearly out of order, so what really would be helpful is a sign that told people where to go to get a pass..." I explained again.

She told me that because they were a national park all signs had to be bilingual, and they hadn't yet got the sign explaining where to purchase passes translated and approved.

"You can't just print a quick one up on your computer and then use 0 Translate?" I asked.

"No. It has to be officially translated and approved."

Because of the off chance someone who only speaks French might happen upon this northern Alberta national park, the 99.9% of the people who entered that gate that day were left clueless as to where to purchase a pass. And who knows how many tickets were issued to the uninformed.

When official bilingualism trumps common sense, we're all doomed.



‘Have’ provinces must

DEMAND

changes to Equalization



by Derek
Fildebrandt
Alberta Director

The Canadian Taxpayers Federation on June 3 sent open letters to Premiers Christy Clark, Alison Redford, Brad Wall and Kathleen Wynne, calling on them to demand reform of the federal Equalization program.

The \$16 billion a year federal Equalization program is up for renegotiation and renewal in 2014. While Quebec, New Brunswick and other provinces on the federal dole have been arming themselves and rallying for the fight for several years, donor or “have” provinces have mostly been missing in action.

In 2011, Alberta’s finance depart-

ment calculated that Alberta taxpayers provided \$18.9 billion – or \$5,012 per capita – more in annual payments to the federal government than they received in services and transfers.

British Columbia, Saskatchewan and Ontario are also being shaken down to varying degrees, and so the CTF sought to get the premiers of these provinces to demand a better deal, or at the very least, better value for their contributions.

While Germany and several small northern European countries bail out large swathes of the debt-ridden Eurozone on an ad hoc basis, Alberta, B.C., Saskatchewan and Ontario bail out a majority of provinces on a legislated, regular basis. While Eurozone donor countries

have the option of withholding their bailout dollars if recipient countries fail to get their act together, donor provinces have no choice.

Greece was forced to raise its retirement age and rein in spending in order to obtain bailout dollars. Meanwhile, Quebec and Nova Scotia continue to rack up debt and pursue economically destructive policies without consequence.

But it’s not just the small band of Equalization payers that are failed by the program. Provinces receiving Equalization dollars are forced into a dependency trap that provides them fewer economic opportunities than the rest of the country.

The most incredible example of the Equalization program incentivising destructive behaviour is Paul Martin’s 2005 ‘Atlantic Accord.’ This deal for Newfoundland and Labrador and Nova Scotia stated that

Left to right: Premier Christy Clark: Wikipedia/CKNW Radio, Kris Krug; Premier Brad Wall: Wikipedia/Daniel Paquet; Premier Alison Redford: Wikipedia/Dave Courmoyer; Premier Kathleen Wynne: Flickr/Paul Schreiber



these provinces would get an Equalization bonus payment if their respective debt loads were in the highest four in the country.

Not surprisingly, Nova Scotia's former NDP Finance Minister Graham Steele bragged about the province's high-debt status paying dividends for Equalization.

Quebec actively retards resource development, as doing so would increase its 'fiscal capacity,' and therefore decrease the cash it gets from Equalization. In fact, its separatist premier, Pauline Marois, recently posted a video to the Parti Québécois website in which she states "If one day, we produce oil and gas in Quebec, why would we let half of this wealth go down the road to Ottawa?" (translated)

Natural resource development in one part of the country helps everyone in Canada. For example, Alberta's oil sands provide many economic spin-offs from the incredible industrial effort required. This includes the many Quebec companies which provide much of the hardware: Prevost builds the buses, Groupe Canam provides the steel, Ezeflow sells the valves, and SNC Lavalin provides billions in engineering support.

Equalization should be transitioned from a federal welfare program to a federal 'Fiscal Recovery Program.' Rather than incentivise substandard government, this new program should provide bridge funding to poorer provinces on the condition that they make necessary economic and fiscal reforms.

For example: rather than incentivise Nova Scotia's government to run up its debt, a reformed 'Fiscal Recovery Program' could use the cash at its disposal to match provincial debt repayments, dollar-for-dollar.



Quebec Premier Pauline Marois/Flickr/Parti Quebecois

To maximize Equalization, Quebec has purposely rejected resource development. Premier Marois recently said, "If one day, we produce oil and gas in Quebec, why would we let half of this wealth go down the road to Ottawa?"


tion payments are real important." Redford continued.

"The worst thing we can do is listen to specific lobby groups that are trying to create divisions among provinces."

Ontario Premier Kathleen Wynne seems to have officially crossed her province into permanent "have-not" status." Wynne called for an even more generous Equalization program that would see Ontario alone handed an extra \$1.1 billion a year.

Only Saskatchewan Premier Brad Wall has publicly taken a tough stand on Equalization, and his province – representing just 3% of Canada's population – has little chance fighting Ottawa and the recipient provinces without allies.

With nearly all provincial premiers and federal MPs from donor provinces either missing in action, defending the program or calling for it to be made even more generous, the result of the 2014 renegotiation is easy to predict.

Next year, don't blame Stephen Harper if he keeps an unsatisfactory status quo or worse. Who can blame him if the representatives of those paying the bills have already raised the white flag? 

Rather than hand Quebec \$7.8 billion a year in Equalization payments, the federal government should count that province's 'fiscal capacity' as if it had already developed its natural resources. This would have a two-fold effect of shrinking the cash payout, and removing the disincentive to build its economy.

Taxpayers in Alberta, Saskatchewan – and Quebec – would be better for it.

Yet, there is no chance of even moderate reform unless the leaders of the donor provinces, beginning with premiers and federal MPs, stand up and be counted.

Thus far, British Columbia Premier Christy Clark has been as silent as the night.

The CTF expected that if Premier Alison Redford didn't feel like donning her 'Captain Alberta' cape, that she would simply lay low and stay quiet on the issue. Instead, she unconditionally capitulated to the status quo, or worse.

In an interview with the *CBC*, Redford told reporters, "Equaliza-

The **gouge** at the **gauge**: GAS TAX HONESTY DAY 2013



by Nick
Bergamini
Research Director

Few issues outrage Canada's overburdened taxpayers more than the gas taxes which fill government coffers to the tune of billions of dollars every year.

With a myriad of consumption taxes, excise taxes, carbon taxes, sales taxes, municipal taxes and even a tax-on-tax, governments' thirst for your gas tax dollars is insatiable.

Worst of all, governments intentionally make the system so complicated that very few Canadians understand just how high their gas tax bill really is. If you want to figure out how much you're pumping into government coffers, it means pulling over during your morning commute with your receipt, a calculator and a pad of paper.

Happily, the Canadian Taxpayers Federation (CTF) does this work for you as part of our annual Gas Tax Honesty Day campaign which we hold right before every May long weekend.

This year, CTF staff in Ottawa and six provinces held press conferences to alert drivers to just how badly they were being hosed

by governments. And we also drove home a stern message to politicians that it's time to cut gas taxes and to treat them as a user fee by dedicating them to roads.

On average, taxes make up 29% of the pump price in Canada, netting governments \$21.5 billion in revenue. To put things in perspective, that's \$3 billion more than the



Left: B.C. Director Jordan Bateman answers media questions on the difference between B.C. and U.S. gas taxes. **Above:** Alberta Director Derek Fildebrandt in Calgary.



feds collect off of everyone's paycheque in EI premiums.

But gas prices vary greatly across Canada. Not surprisingly, Alberta, the lowest tax jurisdiction, has the lowest pump prices while drivers in Toronto, Vancouver and Montreal, which all have local gas taxes to subsidize public transit, pay the highest taxes. Vancouver drivers are also subject to the B.C. carbon tax that gets tacked onto



Left: Ontario Director Candice Malcolm at a Toronto news conference exposing Ontario's high gas taxes. **Below:** Prairie Director Colin Craig says gas taxes need to be spent on roads.



their gas bill.

These provincial and local tax grabs have a massive impact on the pocketbooks of taxpayers. The average two-car family in Vancouver will pay \$1,793 a year in gas taxes, more than double the \$787 families pay in neighbouring Alberta.

Meanwhile, PEI drivers faced the biggest tax increase with the new provincial HST costing families an extra \$200 on their annual gas bill. Not to be outdone, Quebec raised its provincial consumption tax by 1% for the fourth straight year, netting the province an additional \$84 million in revenue.

But it's not all bad news. In 2000, when the CTF started holding Gas Tax Honesty Day, taxes made up 50% of the pump price. The CTF and our supporters mobilized and were able to put the brakes on most gas tax hikes, with that number dropping to 29% today.

This doesn't mean taxpayers should lower the heat on cash-hungry politicians. Ontario Premier Kathleen Wynne has floated the idea of new "revenue tools"



(i.e. a massive tax grab), including a gas tax to fund state-run transit in Toronto. Meanwhile, Quebec has created an annual tradition of hiking its consumption tax.

In B.C., gas prices are so high that drivers will even cross the border into Washington State just to buy cheaper fuel.

All this means that the CTF and our supporters need to remain vigilant over spend-happy politicians looking to gouge us at the pump. Until governments treat gas taxes as user fees and dedicate them to roads, drivers would be wise to keep their eye out for tax collectors reaching ever deeper into their pockets while at the pumps. **t**

Gas taxes costing \$24 per tank: federation

HST Advocates want feds, province to stop double taxation on motor fuel

ADAM HURAS
LEGISLATURE BUREAU

The Canadian Taxpayers Federation is calling on both the provincial and federal governments to change the way they calculate the HST on gasoline – stating that drivers are paying taxes on taxes.

The federation pointed out on Monday that the two levels of government calculate the HST on fuel after they've already levied provincial and federal excise taxes on gasoline, thereby taxing taxes.

The Atlantic director of the federation, Kevin Lacey, says gas taxes are the average

governments collect three cents per litre more by charging taxes on top of other taxes. The result has governments collecting \$32 million from unsuspecting motorists or about \$2 per tank.

"Governments tax almost everything already – do they really need to tax their taxes?" Lacey said. "We families have seen a huge amount of tax over the last three years."

Based on the average driver's annual fuel consumption, the average driver pays about \$24 more per tank than they should.

From Parliamentary “Silly Season” To Full-blown Scandal



by Michelle Simson

Each year, usually at the beginning of April, MPs and Senators start referring to the days leading up to the summer adjournment of Parliament as “the silly season.”

Generally, that would be a fairly accurate description of the antics in the House of Commons. MPs – tired, cranky and anxious to return home for three months – have a tendency to do and say fairly silly things that, if not amusing, could simply be written off as ridiculous.

This year is quite different. Far from “silly,” this season exploded into a full-blown Senate spending scandal, crisis in leadership by all parties and renewed discussion on the matter of full, transparent financial disclosure of expense spending to Canadians by Senators and MPs.

In a “race to the bottom” by all three major party leaders in terms of taking cheap and nasty political shots at one another, they chose to obscure the emerging critical issues in political rhetoric. The Senate spending scandal which evolved into a criminal investigation by the RCMP is, in fact, a separate but related matter. One is the cause, the other the effect, of what was unfolding daily on

Parliament Hill.

The draconian practice of severely limiting Canadians full access to see how their tax dollars are being spent by MPs and Senators is the single biggest contributing factor to the current spending scandal. (The last, you may recall, occurred in the House of Commons in 2011.)

If parliamentarians knew that at some point their expense claims would be posted online and in detail, not only would the money be better spent, but might in fact be reduced. Make no mistake, democracy comes at a price. Full disclosure is an ideal tool to help ensure Canadian tax dollars are being spent prudently and efficiently.

There simply is no excuse for not doing so... now!

The most frequent argument I hear in discussing the matter with former colleagues and watching them in media interviews is that to break down and post their expenses online would not only be time-consuming, but expensive to taxpayers. That is simply not the case.

The fact is, MPs are provided, on an annual basis, a very detailed and comprehensive report of their

The bottom line: not only are Canadians being kept in the dark about existing spending, MPs now have more money to spend that won't be fully disclosed and accounted for to the total satisfaction of taxpayers.



A detailed line-by-line account of MP expense spending is provided but it is marked "For the eyes of The Member only."

spending... line by line, claim by claim. Interestingly enough, it's marked "For The Eyes of The Member Only." In many of the spending categories, despite the detail provided to the member, only aggregate totals are released for public review. All of which begs a one-word question: Why?

I recently had the privilege and pleasure of participating in a discussion on the Roy Green talk radio show with the host and an MP from the UK, Tom Harris. Mr. Harris was a sitting member during the 2009 UK spending scandal that resulted in several MPs being criminally charged and some subsequently incarcerated. His observations regarding the Canadian senate scandal were not only astute but quite enlightening.

When asked if he saw any similarities in Canada's situation and the scandal that eventually exploded in Britain in 2009, Mr. Harris responded with essentially two words: "almost identical." He went on to describe that period as being the worst in his life, most or all of which could have been avoided had it not been for his govern-

ment's relentless resistance to financial transparency.

By the time the tsunami of public opinion finally pried open the books for all to see, the damage was already done. Millions of tax dollars misspent or fraudulently "lifted" from the public purse, all MPs' reputations destroyed and a public whose distrust and cynicism of government in general will take years to rehabilitate. Mr. Harris blamed not only the individual MPs involved in perpetuating the defrauding of the British people, but what he described as "the cowardice and total failure of leadership" by all three of Britain's party leaders.

Frankly, I believe we are witnessing the same behaviour in our leaders on Parliament Hill. The Conservative government, now enjoying a comfortable majority both in the House of Commons and the Senate, could use that majority to bring about an immediate change to the financial reporting structure of members for all Canadians to easily access.

They quite simply won't bring themselves to introduce measures that would help restore some faith in the political system. The Liberal leader recently announced that come the fall of 2014, all Liberal MP travel and hospitality expenses would be online, a small step in the right direction but clearly not what one could describe as full, transparent disclosure.

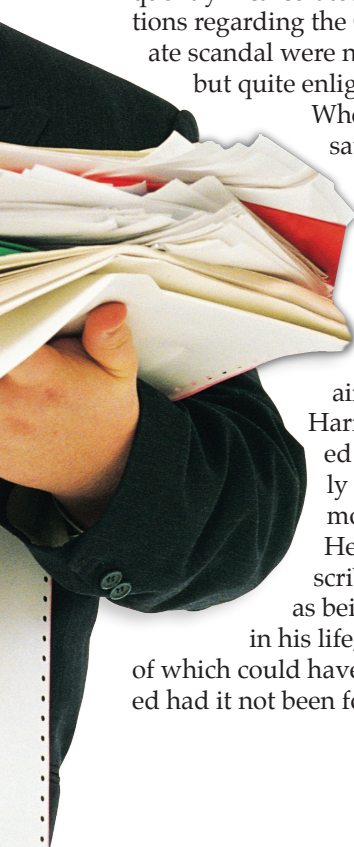
Canadians deserve a lot more than a financial "Dance of the Seven Veils" by some 37 of 308 MPs and should expect nothing less than full accountability from their elected officials. On the heels of the Liberal announcement, the NDP leader weighed in with what can only be described as an insult to the intelligence of all Canadians when he described Mr. Trudeau's announcement as a Liberal "stunt."

In a frankly stunning move, not only was fully transparent access to MP expense spending dismissed out of hand, the secretive Board of Internal Economy quietly increased MPs' office budgets by 6.7% effective April 1, 2014. The bottom line: not only are Canadians being kept in the dark about existing spending, MPs now have more money to spend that won't be fully disclosed and accounted for to the total satisfaction of taxpayers.

We would be well served to follow the advice of Mr. Harris as one who's been there and experienced first-hand the horrendous outcome of secrecy in government. The longer disclosure is resisted, the greater the fallout when it inevitably occurs.

Because it is coming. Better it be sooner rather than later. **t**

Michelle Simson is the former Liberal MP for the riding of Scarborough Southwest and was the first MP to put her expenses online in 2009.





Still
waiting
for auto

payback



by Mark Milke

Back in June 2009, the federal and Ontario governments decided to use massive amounts of taxpayer cash to rescue two corporations deemed too big to fail, General Motors and Chrysler. The cost to Canadians was \$13.7 billion: \$10.8 billion to GM and \$2.9 billion to Chrysler.

The taxpayer bailout was part of the court-supervised restructuring process for the two companies, egged on by the Obama administration. Behind the scenes, the White House made clear that any restructured versions of the companies might leave Canada if taxpayers in this country did not ante up.

Two years later, federal Finance Minister Jim Flaherty trumpeted the bailout and claimed Chrysler repaid the loans in full. That was false.

After the bailout, Chrysler returned \$1.7 billion in principal and

paid an additional \$250 million in interest. In addition, the governments received proceeds from selling their stakes in Chrysler to Fiat, worth \$125 million. Another \$15 million was paid to Canadian governments because of a side deal with the U.S. Treasury.

Do the math, and taxpayers in Canada are still short \$810 million on the original \$2.9 billion Chrysler loan. That will never be recouped, as part of the loan was made to the Chrysler entity that existed pre-restructuring. It was a permanent gift to Chrysler and a permanent loss to taxpayers.

As for General Motors, the math is complicated, given the federal government wrote off \$6.6 billion in 2009-10 and still holds common and preferred shares in the company. The final cost of the

2009 bailout will depend on the GM share price when finally sold.

Here is what we do know: The original loan to GM in June 2009 was \$10.8 billion. Since then, the

governments has garnered about \$2.8 billion from GM repayments, interest and proceeds from the sale of some government-owned GM stock in 2010. Still in government hands are shares worth an estimated \$5.2 billion, based on the price of GM stock at the end of May.

Add the payments from the GM

deal (\$2.8 billion) to the value of the shares (\$5.2 billion) and the total is \$8 billion. Subtract that from the original loan and taxpayers still face a loss in nominal terms of about \$2.8 billion. That is better than when GM shares were worth

Canadian
taxpayers loaned
Chrysler \$2.9
billion and the
company still owes
us \$810 million –
money that will
never be repaid.

less than now, about \$35 a share. GM stock would still have to rise by 55% to about \$55 for taxpayers to break even on a nominal basis.

For the record, the Harper-Flaherty-McGuinty \$13.7 billion bailout has never been a model of transparency.

To get any sense of the numbers, I contacted the department of Finance in 2011 and again recently. In both instances, I was given only an email with numbers but no formal documents. In 2011, Finance even refused to provide a copy of the 2009 federal-Ontario bailout agreement. The Harper government apparently considers taxpayers at large mere observers in the biggest corporate-welfare bailout in decades.

In contrast, in the United States, the federal government must report to Congress, publicly and monthly, about the Troubled Asset Relief Program (TARP). While questions were raised about the legality of using TARP for automakers (it was created for financial institutions), reporting is at least clear: If one accepts Treasury's numbers, TARP's most recent report estimates U.S. taxpayers will face a nominal loss of \$20 billion on their automotive bailout when everything is wrapped up.

The Canada-U.S. taxpayer bailout was always a bad idea. Chrysler came begging to the American government back in 1979. Back then, it was rescued courtesy of a government loan and a quasi-bankruptcy that left creditors with 30 cents on the dollar. It is hardly a surprise that such a company returned to the taxpayer bank of bailouts three decades later.

Just as unfortunate, politicians raced to micromanage the econ-

All the bailout did was prop up weak businesses at the expense of better-run competitors.

omy amid job losses back in 2009 (or more precisely, interfered more than they normally do). They did that rather than accept the fact some corporations fail (5,420 of them did in 2009 in Canada), others succeed, recessions end, and employment will again pick up.

Since the depths of the recession in June

2009, 830,000 new jobs have been created in Canada. That recovery dwarfs any recovery in the auto industry, where in fact the combined employee count at GM and Chrysler declined from about

22,000 in 2009 to about 19,000 now.

All the bailout did was prop up weak businesses at the expense of better-run competitors. It also diverted the taxes paid by other businesses and taxpayers at large to GM and Chrysler. Given the example set by governments in 1979 and 2009, Canadians might well expect companies – perhaps the same companies – to seek more bailouts the next time they run into trouble. **t**

Mark Milke is a senior fellow with the Fraser Institute and author of five reports on corporate welfare. Originally published in the *National Post* on May 31 2013

In contrast, in the United States, the federal government must report to Congress, publicly and monthly, about the Troubled Asset Relief Program (TARP).



You? asked for it

Raelene Clarkson of Aldergrove, B.C., asks: How much money does the federal government spend on foreign aid?

Nick Bergamini, Research Director answers:



by Nick Bergamini
Research Director

Here at the Canadian Taxpayers Federation, our supporters often seek clarification from us on the truth of the many internet chain mail letters that make claims of outrageous government spending.

One email that gets sent to our inbox at least once a month is entitled “\$15 billion given to foreign countries?” It admonishes the Canadian government for sending billions in foreign aid to countries like Russia and Mexico, while ignoring seniors, veterans and the homeless.

Does Canada really ship billions overseas in foreign aid? Yes it does. However, not as much as the amount often claimed. In 2011-12, Ottawa spent \$5.7 billion in foreign aid – still a pretty big chunk of change.

To put things in perspective, that’s just slightly more than the feds spend on departments of health, environment and the Canada Food Inspection Agency *combined*. Foreign aid also costs more than the budgets of the Royal Canadian Mounted Police and the Canada Border Services Agency.

The bulk of the aid budget – \$4 billion – goes to the Canadian International Development Agency (CIDA) – which has been folded into the Foreign Affairs and International Trade department.

CIDA divides countries into three main categories: fragile, low-

income and middle-income states. The agency focuses its aid on a handful of countries in each category. The money then gets spent on local CIDA employees, along with grants to NGOs and businesses in the region.

But that hasn’t always been the agency’s business model. Founded in 1968, CIDA used to focus its efforts on major infrastructure projects like roads and highways

In 2011-12, Ottawa spent \$5.7 billion in foreign aid. That’s more than the feds spend on departments of health, environment and the Canada Food Inspection Agency *combined*.

in the developing world. But a lot of this government-to-government funding ended up in the Swiss bank accounts of foreign dictators.

After this dismal failure, CIDA began in the late 1970s working at the local level directly with the people they hoped to assist.

Forty-four countries received Canadian funding in 2011-12, with the bulk of the funding going to a handful of targeted nations. The top three recipients of Canadian foreign aid are Ethiopia (\$208 million), Haiti (\$205 million) and Tanzania (\$181 million) – three of the poorest nations on earth.

But Canada also donates to economic superpowers like China and Russia. With economies of \$8.2 and \$2 trillion respectively, it begs the question: do they really need our money?

Recently, the govern-



ment has changed course on China and a handful of other countries, shaving \$377 million off the annual aid budget by 2014-15.

According to a 2004 opinion poll, Canadians are divided on whether foreign aid should be a tool to advance the national interest or simply our moral imperative as a wealthy nation. But regardless

Want the CTF to tackle your question? Ask for it by e-mail at:
research@taxpayer.com

of what camp you fall into, it's important to ask if taxpayers are getting value for their dollars

The massive "foreign aid industry" of government bureaucrats, NGO workers and local officials who have made careers out of aid funding will certainly say yes. But there has been a growing consensus in recent years that while foreign aid is well intentioned, it has had little to no impact on the countries it seeks to help.

Interestingly, a massive study of 6,000 individuals receiving direct foreign aid in developing

countries found that while they appreciate the assistance, the aid has made no impact improving their lives.

The best example of the failures of foreign aid spending is Haiti. With a population of eight million, it has received \$1 billion in Canadian government funding since 2006 and billions more from the international community. This cycle of dependency on foreign aid goes back decades. Yet, the country remains the poorest in the Americas and one of the worst-governed places on earth.

Meanwhile, in the Palestinian territory of Gaza, CIDA ad-

mits that despite the territory receiving the highest per capita foreign aid funding in the world, the humanitarian situation is actually "regressing." The majority of the population lives in poverty and relies on food handouts from the UN mission in the region.

The UN estimates that 800 million people have been lifted out of poverty since 1990. But there has been no evidence that this is connected to foreign aid. Instead, countries that have adopted lower

taxes, trade liberalization and the rule of law have flourished.

Recognizing past failures, the government has pivoted its efforts away from traditional humanitarian assistance and towards private sector partnerships with both Canadian and foreign businesses that will spur economic growth in developing countries while boosting trade with Canada.

The feds seem to be basing their strategy on the old saying: "give a man a fish and feed him for a day. Teach a man to fish and feed him for a lifetime."

Ottawa's new initiative to use foreign aid to benefit the national

interest may also be the most effective way to boost the fortunes of people in developing nations. Evidence from the last 45 years has made it clear that trade, not aid, is what the developing world needs.

So yes a lot of government money – \$5.7 billion worth – gets spent on foreign aid every year. But it is to be hoped that the recent changes will give taxpayers a better return on their investment. Otherwise, Canada will continue to fall into the old trap, in which foreign aid "transfers money from poor people in rich countries, to

rich people in poor countries." **t**

Top 20 Recipients of Canadian foreign aid in 2011-12

| | \$ in millions |
|------------------------------|----------------|
| Ethiopia | \$208 |
| Haiti | \$205 |
| Tanzania | \$181 |
| Afghanistan | \$163 |
| Ghana | \$131 |
| Sudan & South Sudan | \$120 |
| Mozambique | \$115 |
| Pakistan | \$107 |
| India | \$96 |
| Bangladesh | \$96 |
| Kenya | \$93 |
| Vietnam | \$89 |
| Mali | \$79 |
| Senegal | \$79 |
| Nigeria | \$73 |
| West Bank and Gaza | \$65 |
| Democratic Republic of Congo | \$62 |
| Russia | \$56 |
| Somalia | \$53 |
| Malawi | \$51 |



Time to Get Real on Health Care

An Interview with the *Globe and Mail's* Jeffrey Simpson

Health care is as close to a sacred cow as you can find in Canadian politics. From a young age, we are taught to revere our public health care system and to compare it only to the Americans' expensive grab bag of health services. In 2004, system founder Tommy Douglas was voted the Greatest Canadian in a CBC TV contest.

But there's a dark, dirty secret our politicians and health experts desperately want to keep under wraps. For all the money we spend on health care – \$207 billion a year – we are getting worse outcomes than the Europeans. We are not getting the kind of value for money

we should expect. And we are not pursuing new ideas or models like the successful, healthier nations are.

In 2012, *Globe and Mail* national affairs columnist Jeffrey Simpson took a hard look at our health care system and wrote a book titled *Chronic Condition: Why Canada's Health Care System Needs to Be Dragged Into the 21st Century*. Recently, CTF federal director Gregory Thomas sat down with Simpson to talk about health care. The full interview can be heard on our CTF Tax Talk podcast, episodes 20 and 21, available free in the iTunes store or at taxtalk.libsyn.com. The following is an excerpt of their conversation. - Bateman

■ ■ ■ ■ ■ ■ ■ ■

Gregory Thomas: By all accounts, Canada's health care system has a lot of problems. But obviously you must be optimistic or you wouldn't have devoted considerable time to researching this book. What motivated you to write the book and why are you optimistic that we can reform health care in Canada?

Jeffrey Simpson: I wrote the book

for two reasons. One is that I had been covering many election campaigns over a long period of time, provincially and federally, in which the debate or non-debate in the campaign was which political party could promise to spend more on health care than the other political party without actually being very thoughtful about how the money was going to be spent to

make the system a lot better. So I figured somebody had better write a book that said, "That's not the way to deal with these problems."

Secondly, in 2000, Roy Romanow produced a report and he recommended that we should spend a great deal more money on the system to what he called "buy change." The premiers and Prime Minister Martin heeded that

call, which, by the way, responded to what at the time Canadians thought, and agreed to spend \$41 billion, indexed at 6% a year for ten years.

In 2009, I began to say, "Okay, we've been at this now for years, injecting all this additional money into the system. Is it getting better?" There was no evidence that that was the case. I wanted to know how we stood internationally, and it turns out we stand somewhere in the middle of the pack, although we spend near the top, which is why my metaphor is that we pay as if we had a Cadillac but we get a Chevrolet. And there's nothing wrong with Chevrolets, by the way. Chevrolets have some good qualities to them. It's just that you wouldn't pay Cadillac prices for them.

Thomas: I think one of the most fascinating chapters of the book is when you're out on the wards with a doctor at a hospital in Ottawa and it becomes obvious what an incredible proportion of the patients have chronic diseases from which they're never going to recover.

Simpson: The acute care hospital is being asked to do a bunch of things for which it's not really well equipped. So 13% of the beds – and this is true right across the country – are being taken by the kind of people you just mentioned: the frail, elderly, many of whom have many conditions, who don't really need to be in

the hospital. But even if they are there, they spend 15-20 days because there is no other place to put them in the system. These are the so-called "bed blockers." In fact, it's not good for them to be there 20 days because they get no rehab, they get no mobility – they're just lying in bed. But we don't have the home care, we don't have the long-term care, we don't have the nursing care and so they sit there, waiting for a place somewhere else – \$1,200 a day whereas if you were in the nursing home, it would cost \$300 and if you were getting home care, it

Despite being at the head of the pack internationally on health care spending, Canada is in the middle when it comes to health care results.

that we want to finance through government, whether it's education or justice or welfare programs or whatever. We will be squeezing

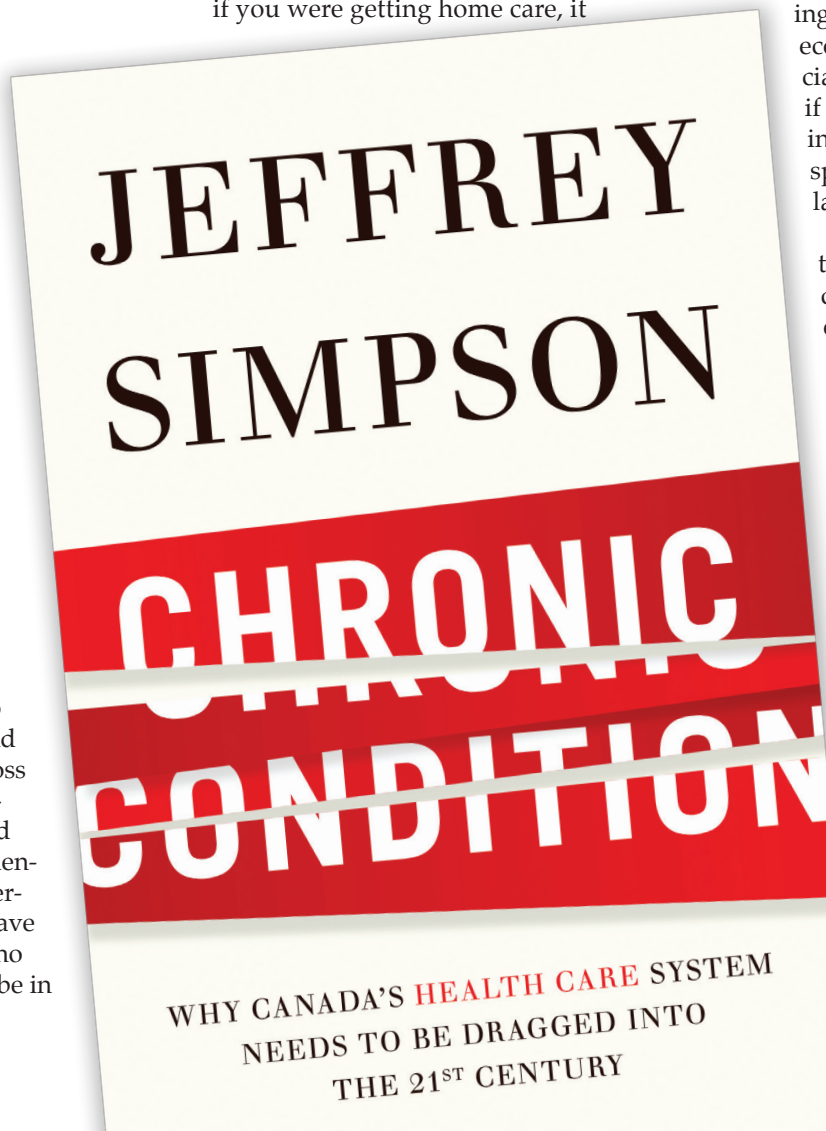
would cost \$150.

Thomas: We were very relieved and grateful that you've explained that more taxation and more spending is not the answer.

Simpson: What we cannot do is continue, as we were until the last two years, to increase health care spending, after inflation, at 5-6% a year. To do that is to rob all the other programs

that we want to finance through government, whether it's education or justice or welfare programs or whatever. We will be squeezing them. It's what the economists call a "social opportunity cost": if you spend money in one area you can't spend the same dollar in another.

And if you want to reduce taxes you can't do that and even if you want to raise taxes there is no earthly reason why you'd want to put all the money that you raised toward health care since we're already spending at, or near, the top in the world. We've just poured this additional \$41 billion into health care. So you tell me why we should raise taxes to put more money into health care. It makes no sense! **t**



Indigenous & Independent by Joseph Quesnel

How Effective Has Idle No More Been?



by Joseph Quesnel

The Idle No More movement was positive in terms of placing the media spotlight on First Nations problems and calling for improvement.

The hunger strike held by Theresa Spence, the chief of Attawapiskat First Nation in Northern Ontario, created a sense of urgency over these concerns.

However, beyond a set of

bly of Manitoba Chiefs, publicly stated that First Nations could bring resource development and the economy "to its knees" if key grievances were not resolved by Canada.

These threats could pose a serious problem for the livelihood of those First Nations which now operate according to an "open for business" attitude or are working to benefit from natural resource development on their traditional territories.

The problem was the solutions offered by Idle No More. Most of the activists involved in the movement stressed what governments could do for First Nations, rather than look at what bottom-up solutions were already available to band

governments, if they were willing to accept them.

Unfortunately, with all of the attention placed on government solutions, actions by average First Nations to improve conditions on the ground were always missed.

It is arguable that what some First Nations are already doing is delivering more benefits than the Idle No More movement, which really started as a lawyer-driven protest to legislation that would have actually improved First Nations economic development -- namely, the *Indian Act* provisions related to leasing reserve lands to outsiders.

For example, many First Nations are already moving forward in improving their own accountability and transparency. This is a

The rhetoric coming out of the Idle No More movement could actually hurt First Nation economies.

meetings between First Nations leaders and the government, the movement has largely been ineffective at bringing forward measurable change in the lives of average First Nations people.

At worst, some rhetoric coming from Idle No More and the leaders it inspired could actually run counter to First Nations improvement. Derek Nepinak, Grand Chief of the Assem-



The Canadian Press/David Chidley

Indigenous & Independent by Joseph Quesnel

key way to attract outside private investment.

Frank Busch is director of information and marketing with the First Nations Finance Authority (FNFA). The FNFA has a mandate to provide low-rate loans, investment options and capital planning advice. Busch says a real game-changer is the issuing of First Nations bonds, through which member First Nations can borrow millions of dollars, pay it back over up to 30-year terms, and pay the same interest rates available to municipal governments (currently as low as 2.5%).

Historically, he said, First Nations have only been able to borrow at retail rates from banks.

A good example of how this works is Membertou First Nation in Nova Scotia, recipient of the inaugural loan issued by the FNFA. The community used the loan to refinance its existing debt and, according to Busch, is saving \$144,000 every month.

The FNFA will issue bonds in the fall of 2013 and estimates it will raise about \$100 million for on-reserve infrastructure. No one needs to mention how significantly bands need infrastructure funding.

The FNFA-issued loans will involve placing liens against Band-owned assets and future revenues. Busch said that the good news is most First Nations have some forms of own-source revenue that can be used as a lien. These revenues can be from contracts, land leases, 'im-

Why have some reserves become financially successful with minimal government intervention?

source-sharing agreements, royalties and many others.

First Nations have tools right now they could use to advance themselves. Busch mentions the example of Tzeachten First Nation, in Chilliwack, B.C. This community has capitalized on its prime location and has created a real estate empire. The community's plaza has attracted some major retail chains, including Save-On-Foods, Tim Hortons, Royal Bank, Panago Pizza, Booster Juice and other local businesses.

Tzeachten is one of many First Nations to have their financial administrations certified by the First Nations Financial Management Board, in accordance with internationally recognized COSO standards. This form of outside accreditation instills confidence in outside investors when they are looking to invest in First Nations projects.

The community is now able to access below-prime financing from the FNFA, Busch said, and is poised to build a multi-purpose building and a seven-unit townhouse complex for band members.

Outside accreditation is a major means for First Nations to succeed. Membertou First Nation in Nova Scotia and Sagamok First Nation in Northern Ontario



pact benefit' agreements, band-owned business, re-

are two bands that have moved towards ISO 9001 certification.

An internationally recognized system, it allows these communities to send signals to outside investors that they follow sound management policies and are open for business.

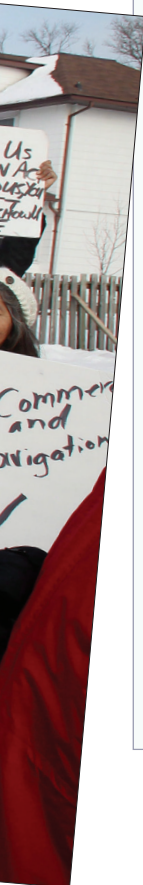
Much of the rhetoric surrounding Idle No More emphasized resistance to having solutions imposed from above by senior levels of government. Band politicians and Native activists stressed that these top-down solutions were bound to fail. Outside accreditation by third parties would change that situation because it is voluntary. First Nations could then engage in meaningful partnerships with the private sector for infrastructure and business development.

When future historical observers evaluate Idle No More, they may find results quite lacking. However, when it comes to First Nations operating on the ground, they may find more happening.

Rather than focus on government solutions, First Nations should look to some new tools, such as the ones provided by the FNFA and other outside accreditation bodies, to improve their conditions.

In the end, what actually achieves results should count the most. **t**

A Metis, Joseph Quesnel is the former editor of the Winnipeg-based Aboriginal newspaper *First Perspective* (www.firstperspective.ca) and a regular contributor to the *Winnipeg Sun*. Presently, he works as policy analyst with the Frontier Centre for Public Policy in Lethbridge, Alberta. Joseph is a long-time advocate for limited government.





The Senate: Wikipedia/Andrijko Z



by Scott
Hennig
VP, Communications

Fixing Canada's Senate has long been a campaign of the Canadian Taxpayers Federation and its supporters. Many have carried this fight throughout the CTF's 23-year history or even longer.

"Triple-E or else" (elected, equal, effective) was the rallying cry for some Senate reformers, and many hold the same views today. Others have long held that the upper house should be abolished completely.

The CTF is a supporter-driven organization. We've asked supporters about their views on Senate reform for years. The results of those surveys have determined the advocacy we've undertaken.

In the past, CTF supporters have been evenly divided on the best course of action on the Senate.

For example, in 1998, CTF supporters were asked: Should the Canadian Senate be: a) appointed from provincially selected lists; b) elected by voters; c) abolished; or d) remain as is.

The results were: Elected by voters – 46%; Abolished – 45%; Appointed from provincially selected lists – 6%; Remain as is – 1%; No opinion – 2%.

With such an even divide, the CTF took the catch-all, while at times confusing, position of: "elect or abolish the Senate."

With the Senate back in the headlines, we felt it was time to again survey CTF supporters to see whether attitudes had changed. Indeed they have.

Over 7,600 CTF supporters answered the survey and the results were much clearer.

Sixty-five per cent preferred abolishing the Senate, while only 33% favoured reform. Eighty-two per cent supported the CTF calling for a national referendum on Senate abolition.

Perhaps it should be no surprise that Canadians' opinions on the Senate are changing.

While some have been critical of

the number of Senators appointed by Stephen Harper, never have we had a prime minister as committed to fixing the upper chamber as the current one. Early in his reign,

Harper fought a Liberal-packed Senate that blocked all attempts at reform (and even slowed his government's crime bills). Once the Conservatives gained a majority in the Senate, it was believed Senate reform would be expedited.

Today, out of Canada's 102 Senators (three spots are vacant), only three have been elected –

all from Alberta. Recently, Senators blocked the passage of Bill C-377, a private member's bill passed by the House of Commons. And of course, we have one former Senator in jail (Liberal Raymond Lavigne) for stealing money from taxpayers and four others sitting as independents awaiting both an audit of the Senate as well as RCMP investigations

In 1998, only
45% of CTF
supporters
wanted
the Senate
abolished, today
65% support that
position.

into allegations they too were pocketing taxpayer cash.

In order to clarify his legal options, the prime minister has asked the Supreme Court to provide an opinion on what Canadians can do in relation to electing or abolishing the Senate. And he has appointed a new minister in charge of democratic reform, Pierre Poilievre, known for his impatience with opposition stall tactics.

However, even if Poilievre is successful in passing term limits for Senators and creating a formal process under which provincial nomination elections were to

take place, this will only further enshrine and empower the current Senate.

With each additional elected Senator, the Senate feels more and more emboldened to change or reject laws passed by the democratically elected House of Commons. Further, it also will enshrine the provincial and regional imbalances currently in place.

Right now there are just six Senators from each of B.C. and Alberta. Combined, over eight million Canadians live in those two provinces, nearly a quarter of the country's population. A similar number

live in Quebec, yet they get twice as many Senators (24). Incredibly, fewer than 2.5 million Canadians live in the four Atlantic provinces, yet, combined they get 30 Senators.

This is why some still favour other reforms (triple-E, proportional, etc.), rather than the ones currently being proposed by the government. It is also why some reformers prefer abolition as a first step. If we are to reform the Senate, washing away all of the baggage, promises and inequities first allows for a broader discussion about what a newly formed Senate might look like. Former Alberta Finance

CTF Launches Senate Abolition Referendum Drive

On July 18, the CTF put its supporter survey results into action. Referenda on Senate abolition rarely make the front page, but thanks to a smartly crafted publicity stunt, the CTF was able to make a vote on Senate abolition a big deal... a very big deal.

The CTF commissioned the construction of a 30-foot-tall inflatable Senator, complete with briefcase spilling cash and a hand held out for more. Some have suggested the balloon bears a striking resemblance to disgraced Senator Mike Duffy.

CTF staff inflated the balloon on Victoria Island in Ottawa, with the House of Commons in the background.

The stunt garnered stories and pictures in 59 newspapers across Canada, including the front page of five major daily newspapers, radio interviews, coverage on *CTV National News* and *Global National*.

The 30-foot Senator is hitting the road for the rest of the summer with the first stop in the home of Premier Brad Wall, who has been the most vocal premier in favour of abolishing the Senate.

Keep your eyes peeled for the 30-foot Senator in your neck of the woods.



• Abolish • the • Senate •

Minister (and former Senator-in-waiting) Dr. Ted Morton makes this precise argument.

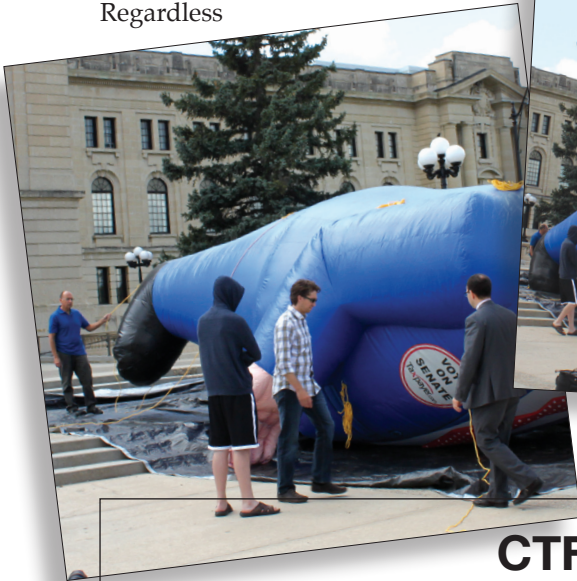
Others favour abolition with no replacement, holding the belief that 100 additional politicians will only drive spending up with additional pork-barreling projects.

We at the CTF are not going to await the Supreme Court ruling. Regardless

of what the court decides, we know that politicians ignore Canadians at their peril. If during the next election Canadians vote in favour of abolishing the Senate, the politi-

cians and the courts will find a way to make it happen.

And frankly, that is the only way it should happen. An unelected group of 102 Senators



CTF launching its two-and-half story Senator in front of the Saskatchewan Legislature on July 25th.

CTF Supporter Survey June 2013 | 7,602 responses

Q1: What is your current preference with regard to the Canadian Senate?

- 65% - Abolish it
- 33% - Reform it (elect)
- 1% - Leave it as is currently
- 1% - I don't know / no opinion

Q2: What should the CTF's position be with regard to the Canadian Senate going forward?

- 25% - Support reforming the Senate. A legitimate (elected) body that acts as a check on lower house is a vitally important ingredient for a democracy and protector of regional interests. Abolition is a cop-out and ensures only the largest population bases will have sway in the governance of the nation.
- 58% - Support abolishing the Senate. Give it up! A reformed Senate is never going to be agreed upon and will only exacerbate regional cleavages. As for electing Senators, does it make sense to legitimize inequities such as New Brunswick having ten elected Senators representing 750,000 citizens while British Columbia has six elected Senators representing 4.4 million people?

- 16% - Keep the CTF's current position that the Senate must either be elected or abolished, but not remain in its current form of an appointed body.
- 1% - Keep the Senate as it is currently.

Q3: Would you support the CTF organizing a campaign to demand the federal government hold a national referendum that asks Canadians if the Senate should be abolished?

- 82% - Yes
- 12% - No
- 6% - I don't know / no opinion

Q4: How important is the CTF's position on the Senate to you?

- 26% - Very. The CTF's position on the Senate will determine whether I continue to support the CTF moving forward.
- 57% - Somewhat. It matters to me but does not make or break my support for the CTF.
- 13% - Not at all. I support the CTF for other issues and reasons far more important than the Senate.
- 4% - I don't know / no opinion

and the elected provincial legislatures and the House of Commons should not have the final say over whether the Senate continues to exist. Canadians should have the final say. A referendum in 2015 would be that say. **t**

Canada's Senate – A Relic from the 19th Century

We now live in the 21st century, as opposed to the U.S. Civil War era when the Senate was created. It was the Civil War that heavily influenced the Fathers of Confederation, most notably Sir John A. Macdonald.

“(Macdonald) shared a widely held belief that the Civil War was, in some sense, the inevitable bloody outcome of mob rule and presidential despotism,” wrote his biographer Donald Creighton.

“Macdonald’s resistance to democracy was comprehensive,” echoed Richard Gwyn in his more recent study of Canada’s constitutional architect. “He advocated ‘some division of the classes,’ justifying limiting the vote to property owners by the argument that political decisions should be influenced by the views of those with some education and some stake in the system itself rather than by ‘the unreasoning masses.’”

Macdonald made clear his distaste for American-style democracy. He insisted a prospective senator must own real estate to qualify for membership – a qualification that exists, inexplicably, to this day.

And Macdonald insisted on substantial real estate holdings – \$4,000, the equivalent of hundreds of thousands of today’s dollars: “a large qualification should be necessary for membership in the Upper House, in order to represent the principle of property,” he said in 1865. “The rights of

the minority must be protected, and the rich are always fewer in number than the poor.”

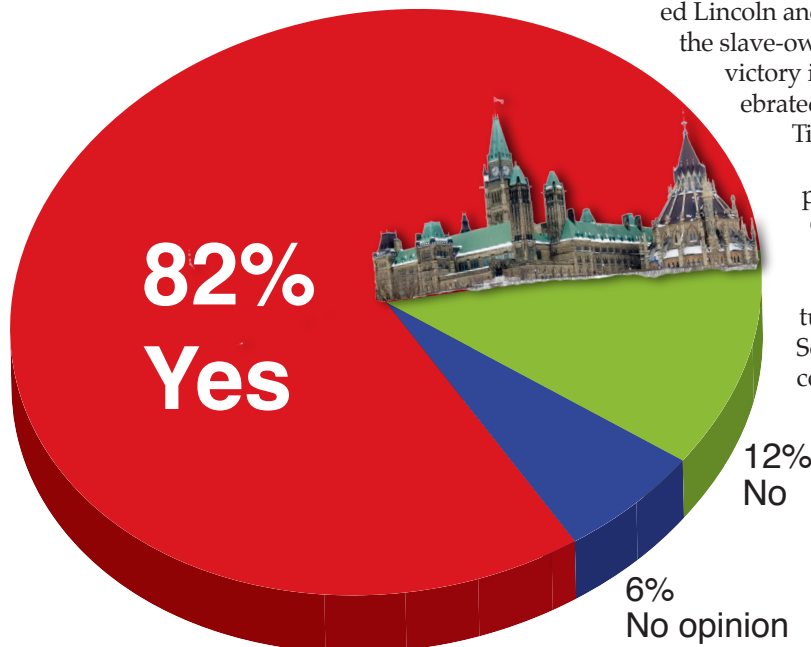
Historian John Boyko’s new book, *Blood and Daring*, gives a flavour of Canada in the 1860s, when the Senate was created. Boyko reminds us that while 33 Canadian newspapers supported Lincoln and the Union in the conflict, 84 sided with the slave-owning Confederacy. After one Confederate victory in 1862, townsfolk in New Brunswick celebrated by holding parades.

Time has marched on. Slavery is dead.

Yet, we passively watch while a law passed by a majority in the House of Commons is denied passage by the Canadian Senate, an unelected assembly of landowners. The Senate vote, constitutionally permissible in the eyes of the Senate’s Civil War-era creators, has been correctly characterized as “an abomination.”

The Senate is a disgrace to Canada. The Senate doesn’t make our nation better, it makes it worse. An unelected assembly of landowners has no legitimate right to rule over the rest of us, no matter what the Constitution says. The Senate is a constitutional institution, to be sure. But then, so was slavery in the U.S. in the 19th century. - Thomas

Would you support the CTF organizing a campaign to demand the federal government hold a national referendum that asks Canadians if the Senate should be abolished?



CTF Survey June 2013 | 7,602 responses

Mid-term Update: CTF's **Top 20** Policy Priorities for the Harper Government

Excellent

Good

Average

Poor

Shortly after the 2011 election, the CTF released a Top 20 list of priorities for the Harper government. Now that we're two years into their term, it's time to take stock and see how they're doing on meeting these 20 points.

By Gregory
Thomas
Federal
Director



their term, it's time to take stock and see how they're doing on

meeting these 20 points.

C 1 **Balance the budget by 2014 without raising taxes and then start paying down the debt.** Keep your election promise to balance the budget and keep Canada's books in the black. Debt-free and low-debt governments do a better job of protecting their people in times of crisis.

Right after the 2011 election, Jim Flaherty promised to whittle the deficit down to \$9.4 billion by this year. Now he says it's going to be closer to \$18.7 billion. That's a big miss. Plus, the latest budget misses the 2014 target. While some taxes have gone up, over-all the tax burden has gone down slightly since the 2011 election. There's still work to do.



efit) and move MPs and new federal workers into the pooled registered pension plan (defined contribution).

MPs voted to more than triple the amount of money they put into their pension plans from their own pockets. Beginning in 2016, instead of putting less than \$12,000 into the plan each year, they're planning to put in over \$38,000 each year. This is a major victory for Canadian Taxpayers Federation supporters. Still, with the average MP living to age 90, the cost of the plan went up 15% last year.

When it comes to taxpayers' pension obligations to the entire roster of federal government employees, the Harper government is facing a major challenge. If you ask the C.D. Howe

Institute, they'll tell you taxpayers are on the hook for \$267 billion in future pension payments to retired government employees. There is no money set aside to cover these payments. It is what's known as an unfunded liability. The government took baby steps towards reform by making all

B- 2 **Reform government employee pensions starting with the MP pension plan.** Eliminate guaranteed, indexed pensions for life (defined ben-

new government employees wait until 65 to get a full pension, but it will take 30 years for that to kick in.

3 Grow a spine in public sector contract negotiations.

B You made a great first step when you stopped the crazy practice of paying severance to bureaucrats to voluntarily quit their jobs. Canadians don't want government workers making more money than everybody else. If unions want to strike, run the government without them.



The government is eliminating severance pay for federal employees who quit their jobs – a long overdue reform – and increasing their mandatory pension contributions to 50%. There are also plans in the works to cut the number of sick days – now at the ridiculous average of 18 per year – and end the practice of banking sick days. Some unions have threatened to strike over this. The government needs to stay the course.

4 Require aboriginal politicians to disclose their pay packages.

A+ First Nations politicians should disclose their pay online, no different from any other politician.

On March 27, 2013, Bill C-27 received royal assent, forcing band politicians to disclose their pay online. Thanks to grassroots Aboriginals across Canada who care about their communities, and thanks to Canadian Taxpayers Federation supporters, we were able to fight for this reform every step of the way.



5 Reform Parliament and say goodbye to the 18th Century

C A lot has changed since 1867 – it's time to bring the number of seats from Ontario, Alberta, and B.C. into line with their populations. It's time to elect or abolish the Senate.

30 new MPs from Ontario, Alberta and B.C. will

be elected to Parliament in 2015. That was the easy part. Hopefully they will fight for a smaller Parliament that correctly represents the population of each province. While provincially-elected Senators are being appointed from Alberta, little has happened on the Senate reform file.

6 Post MP expenses online.

F People want to be able to go on the Internet, pull up their MP's expenses, and look at all the receipts. Let them, it's their money.

Senators got caught with their hands in the cookie jar, auditors were called in, but MPs and Senators continue to stonewall on disclosing their expense receipts, keeping taxpayers in the dark.

7 Abolish corporate welfare and stop the pork-barreling regional development handouts.

D Stop handing out money to foreign multi-nationals like Pratt & Whitney, Toyota and GM. Use the money to cut tax rates so that smart, hard-working Canadians can build real companies in locations where it makes sense.

Conservative politicians continue to traipse across the country, handing out cheques to hemp factories and doughnut bakeries, using one business owner's hard-earned tax dollars to support a competitor across the street. Meanwhile, pork-barreling agencies such as the Atlantic Canada Opportunities Agency (ACOA) report millions each year in write-offs from corporate welfare recipients that have gone out of business, leaving taxpayers holding the bag. One small bit of hope on the horizon: the government is cutting ACOA's budget, along with the budgets of ACOA's evil cousins in the rest of the country.

8 Scrap Carbon Cap and Trade plans.

A+ The policy has proven an expensive and corruption-laden failure. Until China, India and Saudi

Top 20

Arabia agree, why would we cripple our energy producers and our economy?

By formally pulling out of the Kyoto Accord on Dec. 12, 2011, the Harper government sent a message to the world that Canadian jobs come first, and Al Gore and his friends come last.

F **9 Enact citizen initiative and recall legislation.** Voters seldom get riled up enough to put a million signatures on a petition. But, when they do, it should mean something.

The few old Reformers left in the Conservative caucus haven't put up much of a fight for the values and the promises that sent them to Ottawa in 1993. Nary a word about any direct democracy measures.

B **10 Scrap the \$2 political party vote subsidy.** Eliminate the gold-plated tax credit for political donations. Funding political party attack ads is not a proper use of tax dollars. And why should a political donation get a bigger tax credit than helping the Salvation Army or the Red Cross?

With the passage of the 2011 budget, the Conservatives eliminated the \$2 vote tax, saving taxpayers \$1.7 million in 2012, and \$6.8 million a year by 2015. But you still get a \$75 tax credit for donating \$100 to the Conservatives, Liberals, NDP, Greens or Bloc Quebecois. If you donate \$100 to the Red Cross or Salvation Army, you get a \$15 tax credit. Are political parties really five times more deserving than charities?

A **11 Scrap the long gun registry once and for all.** The people have spoken. Repeal bill C-68 and all long gun licensing requirements. Farmers and duck hunters shouldn't be burdened by government red tape.

Bill C-19, abolishing the gun registry, received royal assent on April 5, 2012. But the Conservatives need to pay attention

to legitimate firearms owners, and protect farmers and hunters from grandstanding provincial politicians in Quebec. Licensing unfortunately remains.



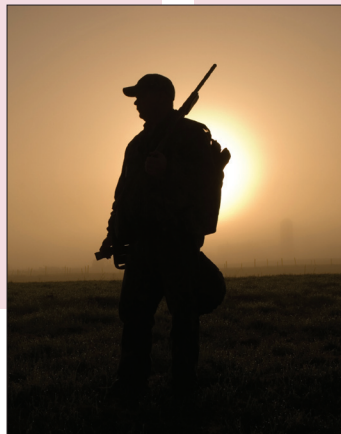
12 Reform Employment Insurance into an insurance program where rates are based on risk, eligibility is applied equally across the country and retraining programs are treated separately.

The Conservatives introduced tougher rules for EI recipients, who now need to prove that they're actively looking for work. They're also required to accept a wider range of work, with lower pay, further from home. It's still tough to separate EI fraudsters from other people's money, and it's still possible to work for 14 weeks and collect EI for 38 weeks. Further, the EI rate board has been sitting around doing next to nothing because the feds keep overruling them.

13 End the practice of charging tax on tax, starting with gasoline. What kind of third-world banana republic puts a tax on tax?

One micro victory: Ottawa and Quebec harmonized the GST with the province's

sales tax eliminating a tax on a tax on a tax. But all federal and provincial governments except Alberta apply HST or GST and provincial sales tax on top of fuel taxes, extending an abusive money grab.



14 Stop sending foreign aid to third-world dictatorships. No elections? No religious freedom? No rule of law? No Canadian aid

money.

The Harper government has cut the foreign aid budget, merged the Canadian International Development Agency into the Department of Foreign Affairs and International Trade, and cut off the corrupt regime in Haiti.

15 Lower, simpler, flatter income taxes. Simplify the *Income Tax Act* by eliminating loopholes, reducing the number of tax brackets, and lowering the rates. The original *Income Tax Act* has grown from 11 pages when it was first introduced to 2,984 pages today. Put a fork in it!

D+

Boutique tax credits for music lessons and soccer practice give the government an excuse to buy expensive taxpayer-funded advertising. Meanwhile the 2012 budget will add 1,100 pages to the *Income Tax Act*, and the 2013 budget will add another 100 more. All this new red tape is terrible for the economy. But it's great for lawyers and accountants. At least they haven't raised taxes over-all...



The Harper government sold the nuclear reactor design division of Atomic Energy of Canada Limited for \$15 million in cash and a share of future royalties that could reach \$285 million over 15 years. The government has pumped over \$2 billion into AECL since 2006. Now how about selling VIA Rail and Purolator?

C+

19 Enough already with the handouts to special interest groups. It's a free country – if citizens have an axe to grind, let them raise their own money from their own supporters.

D

Whether it's money for grooming snowmobile trails in Quebec, or lawn bowling greens in B.C., Conservative

politicians continue to fan out across the country during every Parliamentary break, handing out cheques to different groups. Each year, we read the Public Accounts of Canada containing hundreds of pages, with names and amounts, of handouts to well-connected special interest groups. But where is the accountability? Why aren't there detailed audit reports showing that the money was well spent? You know why.

16 Ease the Canada Health Act and allow provinces to experiment with private alternatives to the failed model of state-rationed care.

F

The Harper government continues to shovel more tax money to the provinces. They've promised to raise health transfers 6% every year until 2016. The medical insiders and their unions pocket the lion's share of the cash, keeping patients waiting for hours in emergency room lineups.

17 Double the Tax-Free Savings Account limit. Keep your promise to double the maximum contribution once the budget is balanced.

C

If Jim Flaherty doesn't balance the budget in 2014, then he can't afford the Prime Minister's promise to double the annual Tax-Free Savings Account contribution limit to \$10,000. Flaherty did raise the limit to \$5,500 from \$5,000, a step in the right direction.



20 Ease up on the secrecy and the stonewalling. Keep your promise to strengthen freedom of information laws. Stop making citizens jump through expensive and unnecessary hoops to get information that belongs to them.

F

While the Harper government says it's doing a good job managing tax dollars, we pretty much need to take their word on it. It's a daily fight to get 'public' information on spending. A simple request for a public document that once could be answered with a phone call, now involves weeks and months of wrangling with Access to Information clerks, investigations and interventions from the Information Commissioner of Canada, even court battles. The gutting of Bill C-461, that would have allowed citizens to see the salaries of senior bureaucrats was completely ignorant.

18 Get government out of business. Canada is doing fine without government gas stations, airlines, and plane manufacturers. Why do we still own a courier company and a passenger rail service?

British Columbia

Can Comeback Kid Clark Really Deliver A

DEBT-FREE BC?



by Jordan Bateman
B.C. Director

She came, she saw, she conquered. And in the process, Premier Christy Clark broke the back of the opposition NDP. Down in the polls by as much as 22 points as the campaign began, Clark stuck to a relentless message of jobs, prosperity and a debt-free B.C., toppling the heavily-favored Adrian Dix in the most improbable election result in modern B.C. history.

So what happens now? Is the Comeback Kid really committed to paying down B.C.'s debt?

Clark has talked the talk on debt ever since leaving her soapbox as CKNW Radio's afternoon show host. In fact, in that 2011 campaign, she even appeared with the CTF's Debt Clock.

"You look at this clock and you realize, it has never been more important to have a fiscally conservative government in British Columbia than it is today," Clark said. "We can look at this clock and have change, or we can have more of the same. We do need change: we need a fiscally responsible government in B.C.... Let's try and limit the debt our children will be carrying. A deficit today is a tax on our children tomorrow."

Music to our tax-fightin', debt-stompin' ears. But that's the talk of a leadership candidate. How has Pre-

Premier Christy Clark attended the Vancouver Launch of the CTF's 2011 Debt Clock Tour. Pointing at BC's debt number, she committed to dealing with the province's debt.

mier Clark walked out those tough words?

Frighteningly, the current three-year financial plan will add more than a billion dollars to the debt every quarter, totalling \$13 billion in new provincial debt. Last year, the debt grew by 11.8%.

Today, British Columbians owe roughly \$58 billion; by March 2016, that number will be \$69.4 billion. The debt clock hasn't stopped; in fact, it's spinning even faster than it did when leadership candidate Clark stood in front of it two-and-a-half years ago.

There have been baby steps toward turning the tide. The BC Liberal win means the province's balanced budget legislation will remain in place, penalizing cabinet ministers up to 10% of their pay when B.C. is in the red.

British Columbians owe \$58 billion on the provincial debt.

Clark's budget trims spending increases to 1.5% a year, which will force some tough belt tightening at the cabinet table

and in negotiations with government unions.

The B.C. Liberal platform offered a plan to embed debt reduction into economic growth.

First, Clark has promised to earmark at least 50% of any budget surplus to debt reduction.

Second, she has promised the establishment of a B.C. Prosperity Fund that would take any royalties generated by new oil refineries, pipelines and liquefied natural gas (LNG) plants and use them to reduce the debt.

Of course, that Prosperity Fund will only exist if oil and gas in B.C. booms. For B.C.'s sake, we hope the Liberals' optimism is well-founded.



British Columbia

BC MLAs Cash In \$26 Million in Pensions

Pensions for B.C. MLAs

who were defeated in or resigned prior to the 2013 provincial election

They can start collecting their pension at age 65.

| Name | Constituency/years of service | Annual pension | Lifetime to age 80 |
|--------------------|---------------------------------------|----------------|--------------------|
| Liberals | | | |
| Gordon Campbell | Vancouver-Point Grey - 15 years | \$98,175 | \$1.7 million |
| Bill Barisoff | Penticton; 17 years | \$90,992 | \$1.57 million |
| Ida Chong | Oak Bay-Gordon Head; 17 years | \$89,405 | \$1.55 million |
| George Abbott | Shuswap; 17 years | \$89,084 | \$1.54 million |
| Colin Hansen | Vancouver-Quilchena; 17 years | \$89,039 | \$1.54 million |
| Murray Coell | Saanich North & the Islands; 17 years | \$89,000 | \$1.54 million |
| Kevin Krueger | Kamloops-South Thompson; 17 years | \$87,700 | \$1.5 million |
| Barry Penner | Chilliwack-Hope; 15 years | \$78,500 | \$1.35 million |
| Pat Bell | Prince George-Mackenzie; 12 years | \$63,109 | \$1.09 million |
| Kevin Falcon | Surrey-Cloverdale; 12 years | \$62,893 | \$1.09 million |
| Blair Lekstrom | Peace River South; 12 years | \$59,912 | \$1.04 million |
| Randy Hawes | Abbotsford-Mission; 12 years | \$53,000 | \$847,000 |
| Harry Bloy | Burnaby-Lougheed; 12 years | \$49,000 | \$720,000 |
| John Les | Chilliwack; 12 years | \$48,289 | \$835,000 |
| Dave Hayer | Surrey-Tynehead; 12 years | \$47,600 | \$824,000 |
| Ron Cantelon | Parksville-Qualicum; 8 years | \$34,490 | \$596,000 |
| Joan McIntyre | West Vancouver-Sea to Sky; 8 years | \$32,875 | \$568,500 |
| Iain Black | Port Moody-Coquitlam; 6 years | \$30,000 | \$520,000 |
| NDP | | | |
| Harry Lali | Fraser-Nicola; 14 years | \$63,886 | \$1.1 million |
| Jagrup Brar | Surrey-Fleetwood; 9 years | \$32,114 | \$555,000 |
| Guy Gentner | Delta North; 8 years | \$28,965 | \$500,000 |
| Diane Thorne | Coquitlam-Maillardville; 8 years | \$28,875 | \$461,000 |
| Michael Sather | Pitt Meadows-Maple Ridge; 8 years | \$28,500 | \$490,000 |
| Gary Coons | North Coast; 8 years | \$28,500 | \$490,000 |
| Independent | | | |
| John van Dongen | Abbotsford-South; 18 years | \$85,591 | \$1.48 million |
| Bob Simpson | Cariboo North; 8 years | \$28,500 | \$490,000 |

B.C. taxpayers are on the hook for \$26 million in pensions to MLAs who did not win or seek re-election on May 14.

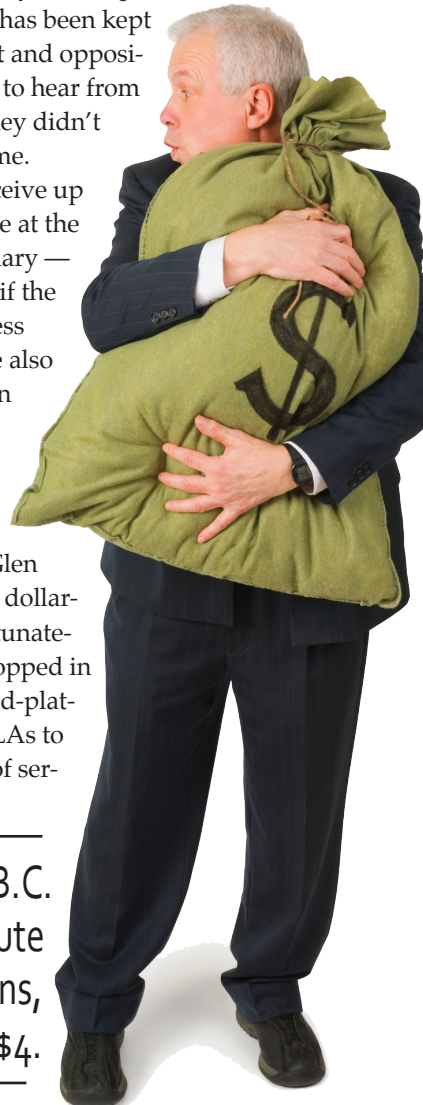
MLAs are eligible for pensions after six years of service. Pensions increase by an indexed rate every year, and can be collected at age 65. The CTF's life-time estimate figures assume the individual lives to age 80. Taxpayers put in \$4 for every \$1 a politician pays into his or her pension account.

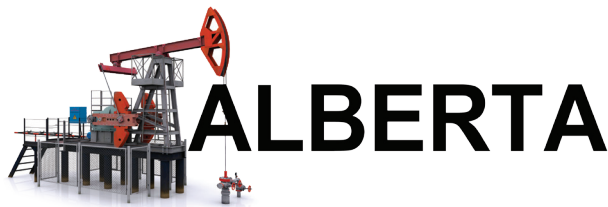
These numbers assume MLAs "bought back" missing time from 1996 to 2007, when there was a far more modest pension system in place. The list of MLAs who bought back has been kept secret by the government and opposition, but the CTF has yet to hear from any of the retirees that they didn't buy back that missing time.

Exiting MLAs also receive up to 15 months of severance at the \$101,859 MLA annual salary — which includes a top-up if the politician takes a job at less than six figures. They are also eligible for up to \$9,000 in "training" funds.

In 1996, the BC Liberals ran against this type of gold-plated pension plan and NDP Premier Glen Clark brought in a fairer, dollar-for-dollar system. Unfortunately, the BC Liberals flip-flopped in 2007, bringing back a gold-plated plan and allowing MLAs to buy back missing years of service. **t**

For every \$1 B.C. MLAs contribute to their pensions, taxpayers kick in \$4.





Fighting Protectionist Beer Taxes



by Derek
Fildebrandt
Alberta Director

A major lobbying effort has come close to convincing Alberta's government to slap a protectionist tax on 136 different small and medium-sized breweries from outside of the province. This tax would increase the price of beer, reduce the strong selection available to Albertan beer drinkers, and invite retaliatory tariffs against Alberta-brewed beer.

In addition to the GST and business taxes paid by breweries, all beer in Alberta is saddled with a federal mark-up (tax) of 11.1 cents per can, and a provincial mark-up (tax) of 34.8 cents per can. That means that beer sold in Alberta has an extra tax of 45.9 cents added to it, which works out to \$5.50 per 12-pack of beer.

Small and medium-sized breweries, however, are taxed at a lower rate than such major brewers as the big three (Molson, Labatt's and Sleeman's). The smaller brewers pay provincial taxes ranging between 8.2 cents and 23.6 cents per can.

In an effort to drive out competition from other provinces and the U.S., several small breweries in Alberta and the mostly foreign-owned big three want to eliminate the small-brewer rate for suds

brewed outside the province.

For 136 small and medium-sized breweries from around the world, this would drive their price far higher or out of the market entirely. Which is the whole purpose of this lobby effort.

For anyone who drinks Mill Street Organic Lager, Steam Whistle Pilsner, Mountain Crest or hundreds of other affected beers, the price of a 12-pack of cans

could jump between \$2.47 and \$3.31.

Albertans enjoy the best beer selection in Canada thanks to our open and competitive market, which allows consumers to pick and choose their beer without the government driving their preferences.

Both the players trying to el-

Albertans enjoy the best beer selection in Canada.

bow their competition out of the market place and Deputy Premier Lukaszuk have called the small brewer tax rate a "subsidy" for out-of-province breweries. This couldn't be further from the truth.

This lower beer tax rate is much like the Alberta small-business tax rate, ensuring that mom-and-pop shops don't pay the full corporate tax rate.

The beer tax is an industry-specific tax that few other industries have levied against them. If some in Alberta's brewing industry feel that they are not competitive enough, the answer isn't to raise taxes on their competitors – it's to lower taxes on all brewers, equally.





ALBERTA

Exposing the wealthy in subsidized housing

In early June the Canadian Taxpayers Federation released the results of its investigation into the Calgary Housing Company (CHC). The results were astounding and, to many, revolting.

The CTF found people whose incomes placed them above the poverty line living in subsidized housing intended for the poorest in society.

This included 47 tenants making more than \$100,000, 18 of whom made between \$120,000 and \$172,000. Another 76 tenants recorded an annual income of more than \$80,000 and 1,208 tenants were making more than \$50,000.

Those making between \$50,000 and \$80,000 aren't exactly rich, but they aren't poor either.

The CTF uncovered this information using Freedom of Information (FOI) requests.

For the most part, Albertans are willing to open their wallets to house the poorest in society who would otherwise be living on the street. The "generosity" of the welfare state, however, has gone far beyond this, with middle-class and even wealthy Albertans taking advantage of the system.

But a system that allows abuse inevitably will be abused by at least some people.

It can be abused because income cutoff thresholds are currently far too generous and provincial legislation restricts the ability of the CHC to kick out long-term tenants,

even if their incomes have more than quadrupled.

The high income threshold means that many people who should be supporting themselves are living off the avails of taxpayers. The restrictive tenancy legislation means that as long as people got into these houses before 2011, they can stay as long as they like, even if they are now millionaires.

In the Winter edition of *The Taxpayer* we brought you the story of similar abuses taking place in

northern Alberta. Despite the evidence, the province rejected the CTF's call for a province-wide audit of subsidized housing corporations.

Now that it has been conclusively proven that these abuses are taking place on a grand scale, the CTF hopes that it will have an easier time convincing provincial politicians of the need for reform.

In addition to an audit of all subsidized housing corporations in Alberta, the CTF is calling for amendments to the *Residential Tenancies*

Social housing abused

Subsidies for

BILL KAUFMANN
Calgary Sun

More than 1,200 people earning above \$50,000 — a few in the \$170,000 range — are living in city-operated subsidized housing in Calgary, a taxpayer watchdog has revealed.

Middle and higher-income tenants occupying Calgary Housing Co. (CHC) homes comprise 13% of the agency's clientele, said Derek Fildebrandt, regional director for the Canadian Taxpayers Federation.

The federation got the data through a Freedom of Information request.

The CHC says there's

Why should taxpayers subsidize housing to people earning over \$80,000 a year?

Act to allow (and require) all well-off tenants to be evicted.

The CTF also filed Freedom of Information requests for similar information in Edmonton, Red

Deer, Lethbridge and Medicine Hat. While information is still coming in for some cities, Edmonton has thus far done everything in its power to block the release of this information to the CTF. It stands to reason that with such damning evidence uncovered in Calgary, Edmonton's housing bureaucrats have something to hide. As always, the CTF won't let them get away with it. **t**

Salary breakdown in Calgary subsidized housing

| Income | Tenants |
|----------------------|---------|
| \$120,000-\$172,000 | 18 |
| \$100,000-\$119,999 | 29 |
| \$90,000-\$99,999 | 31 |
| \$80,000-\$89,999 | 45 |
| \$70,000-\$79,999 | 105 |
| \$60,000-\$69,999 | 318 |
| \$50,000-\$59,999 | 662 |
| Subtotal: \$100,000+ | 47 |
| Subtotal: \$80,000+ | 123 |
| Subtotal: \$60,000+ | 228 |
| Subtotal: \$50,000+ | 1,208 |

Budget Wrap up



by Colin Craig
Prairie
Director

Just after submissions were due for the Spring issue of *The Taxpayer*, the provincial government released its 2013-14

budget.

So by now you've likely already heard what's in it, but we still thought we would pass on the CTF's analysis.

First off, the CTF called it the best budget in Canada. Make no mistake, it's a good budget (not a great one), but what really propels it to the front of the line is the lacklustre performance of other provincial governments.

Across the country most provinces are still racking up tons of debt and many are raising taxes.

The provincial auditor claims that when you factor in pension costs for government employees, the province is running a deficit.

In Saskatchewan, the provincial government has tabled a balanced budget on a summary basis. That means that when you add up the total provincial picture (money given to schools, hospitals, the bottom line

of crown corporations, etc.), more will be raised in revenues than what is spent.

However, on a core basis (primarily looking at ministry spending) the provincial government maintains it is running a balanced budget, while the provincial auditor claims it is actually a deficit. The latter has criticized the government for some of its accounting practices, including not properly accounting for pension costs.

On more sexy matters, such as taxes, there were no huge surprises. The biggest was likely the government's decision to postpone its promised reduction of the business tax rate from 12% to 10%. There were increases to alcohol taxes and tobacco taxes, but fortunately there were no major increases to such things as sales and personal income taxes.

On the spending side, we were pleased to see the government continue to chip away at reducing the size of the civil service. By the end of the current year, the provincial government claims it will have reduced the bureaucracy by an astounding 1,900 positions over a four-year period. This is great news as Saskatchewan has a large civil service compared to other provinces.

Did You Know?

As of June 2010, the pension plan for teachers hired before 1980 had promised \$4 billion more to plan members than the fund had saved. The shortfall, of course, falls on taxpayers' shoulders to pay.

By June 2012, the shortfall stood at \$5.2 billion – over a billion dollars higher!

This is why the CTF continues to urge governments to get out of highly risky and expensive pension plans for government employees (defined-benefit) and put new employees in less expensive plans (defined-contribution). Plain and simple, government employee pension plans should have to feel fluctuations in the market the same way everyday taxpayers do with their RRSPs.



One area in which we were hoping to see some changes is pensions. Back in the late 70s and early 80s, the provincial government began closing expensive and risky (especially for taxpayers) government employee pension plans

and began putting most new employees into less expensive plans. However, there are still a few areas of the provincial government (e.g. judges, health care workers) in which the expensive type of plan is still accepting new

members. As many of those plans are facing shortfalls (and taxpayers will have to cover part of it), we've been pushing the government to close them off. Again, no progress this year, but we'll keep plugging away.

WCB's *Cost* Overrun

A project at the Workers Compensation Board (WCB) went a whopping \$13 million over budget, but apparently no one was held accountable.

The Workers Compensation Board maintains that no one was fired, demoted or received a pay cut for going 64% over budget for its new claims system.

Back in 2009, the crown corporation decided to upgrade its system by going with a piece of software known as FINEOS. At the time, the project was to cost \$20.3 million. However, when all was said and done the project came in at \$33.2 million.

After hearing about the cost overruns from a whistleblower, the CTF asked the WCB for information not just on original and final cost estimates, but information on the ac-



countability side as well. After all, governments are often notorious for shrugging their shoulders at incom-

petence or big mistakes.

As noted, the WCB maintains no one was held accountable. In a letter to the CTF, the WCB's staff person noted: "I have been advised that no staff were demoted, suspended, received pay cuts or were dismissed."

However, our source claims there were a couple of dismissals, but that the wrong folks were let go.

Either way, it's also important to learn what the WCB plans on doing to prevent such a boondoggle from happening again in the future. We're waiting for more information on the matter, but in the meantime we thought you might like to know about this mishap. After all, the WCB didn't put out any news releases about the cost overruns! **t**

\$93 Million in Savings

Recently the Saskatchewan government moved to centralize linen cleaning services in hospitals by partnering with a business called K-Bro Linen systems.

Through the partnership the government expects to save a whopping \$93 million over the next ten years. The savings come from lower operating costs (the business expects to be more efficient) and savings from not having to build multiple new facilities

around the province.

If you like this type of initiative, please consider contacting the Health Minister and encourage him to continue looking for more savings opportunities like this one. Better yet, encourage him to get his colleagues doing the same!

Minister Dustin Duncan
minister.he@gov.sk.ca
306-787-7345

PST FIGHT



by Colin
Craig
Prairie Director

By far the biggest story in the provincial budget was the decision to raise the provincial sales tax from 7% to 8%.

Not only is it appalling for a government that already charges some of the highest tax rates in Canada to claim it needs more, it's a slap in the face to shred the law that requires a referendum before raising the PST.

Those with long memories will remember the CTF was instrumental in getting the Balanced Budget, Debt Repayment and *Taxpayer Protection Act* passed way back in 1995. The CTF was then the most vocal proponent behind the legislation. We ran TV ads in support of the government, wrote columns and provided recommendations on the legislation.

Below: Prairie Director Colin Craig addresses the PST protest in front of the Manitoba legislature on May 2, 2013.

Responsible financial management and taxpayer protection was near and dear to our hearts way back when – and it still is today!

So how did we fight the latest attack on your pocketbook and your right to a referendum?

Well, we did everything we could to put pressure on the government to reconsider.

The CTF helped organize a rally to give Manitobans a chance to show their opposition. Over 500 people attended, including radio and TV personality Charles Adler, who ripped the government for its undemocratic move. A big thanks also goes out to 92 Citi FM's Shadowe Davis and NESTA Matthews for

The CTF organized a rally, launched a petition drive, set up GregLied.ca, held press conferences, allied with like-minded organizations and wrote numerous commentaries and news releases opposing the PST hike.

emceeding the event.

The CTF also started a petition (more than 8,000 signatures), presented to the committee reviewing the tax increase legislation and encouraged our supporters to speak before committee. At our website – www.GregLied.ca – we posted a whole bunch of information on the sales tax increase, including speaking points for the public to consider. The site didn't just complain about the tax increase, it included all kinds of ways the government could save money rather than raising the sales tax.

The CTF also held a press conference at the legislature to show straightforward ways the premier could cut fat at the legislature – and lead by example – instead of just raising taxes. We noted he could reduce his large cabinet (19 members) down to the size it was when Gary Doer left office (16). We called on him to cancel the 'vote tax,' a government program that gives hundreds of thousands of dollars to political parties based on the number of votes received during elections. A big thanks to Progressive Conservative finance critic Myrna Driedger and Liberal leader Jon Gerrard for attending the press conference.

We also worked with a number of other organizations to send an open letter to the Premier (circulat-



Rally photos: The Canadian Press | John Woods



ed to media across the province), wrote newspaper columns on the increase and created graphics for people to forward around the internet, thus spreading the word about what's going on.

Before tackling the sales tax is-

sue head on, we knew it would be an uphill battle. After all, the NDP seldom backs down on issues like these. Fundamentally, they had a choice – cut wasteful spending or raise taxes. They chose the latter as it's not really in their DNA to go

out and look for the former.

We may not win this battle, but we certainly helped make them wear this decision... hopefully voters won't forget the Premier's broken promise during the next election. **t**

Who Wants Numbers?

CTF supporters always seem to enjoy facts and figures from *The Taxpayer* – you know, the raw stats that you can share with friends around the dinner

table or down at the coffee shop.

Well, here are some facts and figures that people often ask about...

People Facts

Manitoba's population: 1,274,000
Canada's population: 35,056,064

| | Manitoba | % | Canada | % |
|--------------------------------|----------|-----|------------|-----|
| Total People Working | 623,500 | - | 17,490,100 | - |
| Total Government Employees | 163,100 | 26% | 3,676,600 | 21% |
| Total Non-government Employees | 460,400 | 74% | 13,815,500 | 79% |

Source: Statistics Canada, April 2013 figures

Provincial Debt Facts

Net debt increase per second: \$52
Next forecast balanced budget: 2016-17

| | 2011-12 | 2012-13 | 2013-14 |
|---|----------|----------|----------|
| Total Borrowings, Guarantees and Obligations (billions) | \$25.975 | \$27.837 | \$30.117 |
| Net Debt (billions) | \$14.511 | \$16.119 | \$17.754 |
| Net Debt as a % of GDP | 25.5% | 27.1% | 28.7% |

Note: Total Borrowings, Guarantees and Obligations represents total government debt. Net debt essentially subtracts hydro debt and financial assets from the aforementioned figure.

Budget Facts

| | |
|--------------------------------------|------------------|
| Revenue | \$14.182 billion |
| Expenditures | \$14.847 billion |
| In-Year Adjustments/ Lapse* | \$150 million |
| Deficit | \$515 million |
| Debt Interest Costs | \$839 million |
| Equalization payments | \$1,799 billion |
| Total Federal transfers | \$3,848 billion |
| Total Health Care spending | \$5,286 billion |

*In-year lapse represents either higher revenues than expected or lower costs. The government books a figure each year in this category

Nice to See

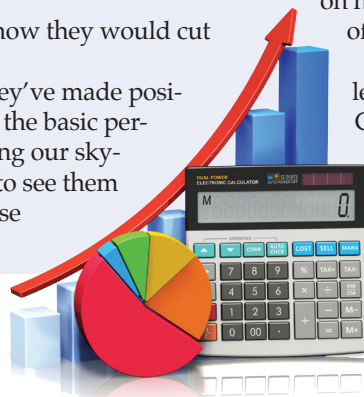
Back on April 18, the Progressive Conservatives put out their best announcement in years. What made it so special?

They actually talked about how they would cut spending.

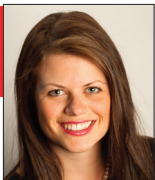
Yes, under Brian Pallister they've made positive announcements on raising the basic personal exemption and recognizing our skyrocketing debt, but it was nice to see them talk about the root cause of those problems – high spending. The

Tories committed to cut government advertising, reduce the number of communications staff, put a freeze on hiring and better tendering practices to name a few of their ideas.

Certainly there is a lot more fat to cut, but at least they're not afraid to start talking about it! Given that Manitoba's spending has increased by more than double the rate of inflation (even when you account for population growth) since the NDP took over, it's clear our province has a spending problem, not a revenue problem.



New Tire Tax in Ontario



by Candice Malcolm
Ontario Director

The word “tax” is being removed from political vocabularies in Ontario, and replaced with such poll-tested and cleverly-crafted phrases

as “revenue tools.” Premier Kathleen Wynne and her ilk have quickly mastered the art of doublespeak at Queen’s Park.

Ontarians have heard a lot about Metrolinx’s proposed cash grab to raise \$50 billion over 25 years for an expansive urban transit system. The transportation authority proposed a five-cent per litre hike in gas taxes, one point added to the HST, a 25-cent per day tax on all suburban parking lots in the Greater Toronto and Hamilton Area and a 15% hike in development taxes. Ouch.

If passed, this will be the Wynne government’s second major tax hike; the first was disguised as an “eco-fee,” and it’s hammering rural Ontarians the hardest.

As of May 1, 2013, “eco-fees” were increased on many electronics

and recyclable products. TVs over 29 inches are now charged a \$39.50 eco-tax alongside regular taxes. Think that hurts? Farming equipment experienced an even bigger hike.

On May 1st,
Ontarians saw
significant eco
tax increases on
tires.

Tire eco-taxes increased from \$15.29 to \$352.80 in some cases, and according to Progressive Conservative Party calculations, tires for a John Deere 9770 combine now face a \$1,646 levy in eco-taxes. The next-highest eco-tax rate in the country is \$210 in British Columbia.

When she became premier, Kathleen Wynne also assumed the role of the province’s Agriculture Minister.



She certainly doesn’t show an understanding of rural Ontario when imposing steep taxes onto farmers and landowners.

Ontario Budget

Ontario’s budget was finally tabled in early May, and by later that month, the third-party NDP agreed to support it.

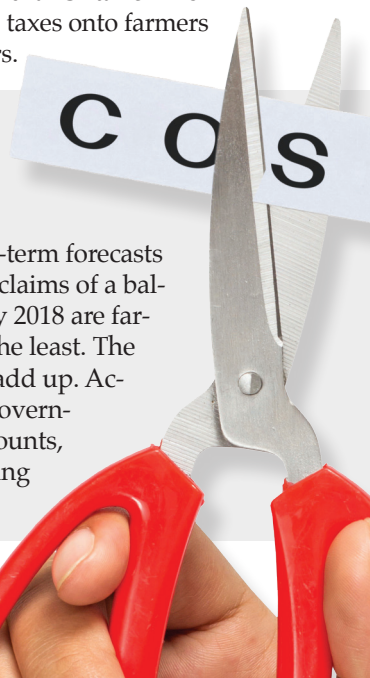
Spending increased by \$3.6 billion, the debt-to-GDP ratio will inflate to 39.3%, and the forecast deficit remains dangerously high at \$11.7 billion. The government caved to nearly every NDP de-

mand, including price setting in auto insurance and a slush fund for “youth employment.”

This was not a taxpayers’ budget; however, it did offer payroll tax relief to small businesses, raising the threshold of paying the tax to \$450,000 from \$400,000. There were no new taxes introduced, and the budget claimed to have delivered on 60% of Drummond Report

recommendations.

The medium-term forecasts are cloudy, and claims of a balanced budget by 2018 are far-fetched, to say the least. The numbers don’t add up. According to the government’s own accounts, program spending will completely



Public Sector Capacity to Pay Act

Governments spend beyond their means. It's a fact of life in Canada, as every level of government struggles with annual deficits and piling up debt. As we all know, today's debt becomes tomorrow's taxes. Yet, governments all over Canada are ignoring this fact and continue to unabashedly pass along our public spending bills to future generations of taxpayers.

The story of burgeoning debt in Ontario is quite scary. Every day Ontario's government adds \$32.2 million to the province's existing debt of \$272.8 billion. This debt was created by a combination of stimulus bailouts and corporate welfare, a disastrous energy policy, and Big Labour contracts. The latter is most concerning, and ongoing.

Every few months we see headlines of another Big Labour contract negotiation ending with happy unions and smug politicians. Taxpayers, as usual, are absent from the negotiating table, but are inevitably stuck with the tab.

The system is broken. Something needs to change.

Ontario MPP Jim Watson has a solution. He recently tabled a private member's bill that would require labour arbitrators to take into account the ability of taxpayers to pay when awarding settlements to

public sector unions. The *Public Sector Capacity to Pay Act*, 2013 takes aim at unaffordable contract settlements and provides legislation to bring government workers' salaries back in line with taxpayers.'

This act would, first, force arbitrators to consider specific economic and budgetary factors before approving contracts, and second, would create a *Capacity to Pay Division* to publish comparative information about compensation and proactively disclose all decisions.

A key component of the bill is that the arbitrator must decide the ability to pay based on current levels of revenues and taxation; the arbitrator cannot assume taxes will be increased to pay for the decision or award.

Big labour contracts = happy unions, smug politicians and broke taxpayers.

More government is seldom the solution to too much government. However, in this era of a bloated and encroaching state, a law that restricts the ability of Big Labour to write its own contracts is a step in the right direction. **t**

Sunshine List

Ontario's annual "sunshine list" was released this spring, listing the names, salaries, and benefits of government workers earning over \$100,000 per year. The initiative started under former Premier Mike Harris to shine light on the bureaucracy's growing payroll. It was hoped that politicians would be shamed into controlling spending if the amounts were made public.

This year's list is 11% longer than in 2012, swelling to 88,412 names. The average employee on the list earned \$127,525, while Ontario Power Generation CEO Tom Mitchell topped the list

with a salary of \$1.72 million.

Some 1,395 Toronto Transit workers made the list, including train operators and ticket collectors. Also included in the list are 40% of the Toronto Police force, including a cadet-in-training.

Bloated government salaries are out of control. And yet, Ontario's government is completely shameless about the list. In fact, Premier Kathleen Wynne suggested that the list be altered to reflect

inflation of 1996 dollars. Perhaps \$100,000 isn't a lot of money to Wynne, but to the average Canadian who earns a salary of \$47,200, it is still a very meaningful benchmark.



t s

freeze between 2015 and 2018 in order to meet the balanced budget target.

This is improbable if not impossible.

In short, the budget failed to make any meaningful headway towards balanced budgets or debt reduction. For this, the Canadian Taxpayers Federation gave it a D-minus.

SAQ:

The liquor monopoly picking Quebecers' Wallets



by Pierre-Guy Veer

The Société des Alcools du Québec (SAQ) is a government-owned crown corporation that has a monopoly on alcohol sales in Quebec. Created to moderate the push for national prohibition (which was hugely unpopular in Quebec) in 1921, it has since become a cash cow, just as is the case with such other government crown corporations as Hydro-Québec (electricity) and Loto-Québec (lotteries).

And as is the case in other provinces, SAQ uses its monopoly powers to the fullest extent, harming the customers' wallet.

Recently, Yves Mailoux, a Quebec wine critic, estimated that only 1% of all wines sold by SAQ (approximately 8,000 products) cost less than \$10. This is less than half (2.2%) the number in 2009.

"No other industry voluntarily limits its cheap products," he claimed. He added that in comparison in France 75% of wines cost under \$4 CDN.

The SAQ has recognized that it has few inexpensive wines, but puts the blame on an increase in the alcohol tax last fall, and also on successive increases in the Quebec sales tax from 7.5% to 9.975%.

However, the SAQ has a tough time admitting the other reason why wines are so expensive – the inflated wages and benefits of its workers. While the minimum wage in Quebec is now \$10.15, an SAQ cashier will earn an average of \$24.81 an hour, and assis-

tant manager, \$29.41.

Unbelievably, SAQ is in the process of introducing a customer loyalty program, under which repeat customers will receive points or rewards for their loyal business. The program, to be implemented in 2015, makes little sense and will undoubtedly drive prices up further. Competing only with corner stores and their limited selection, SAQ is a monopoly provider. If you want to buy wine in Quebec, and want significant selection, you have no option

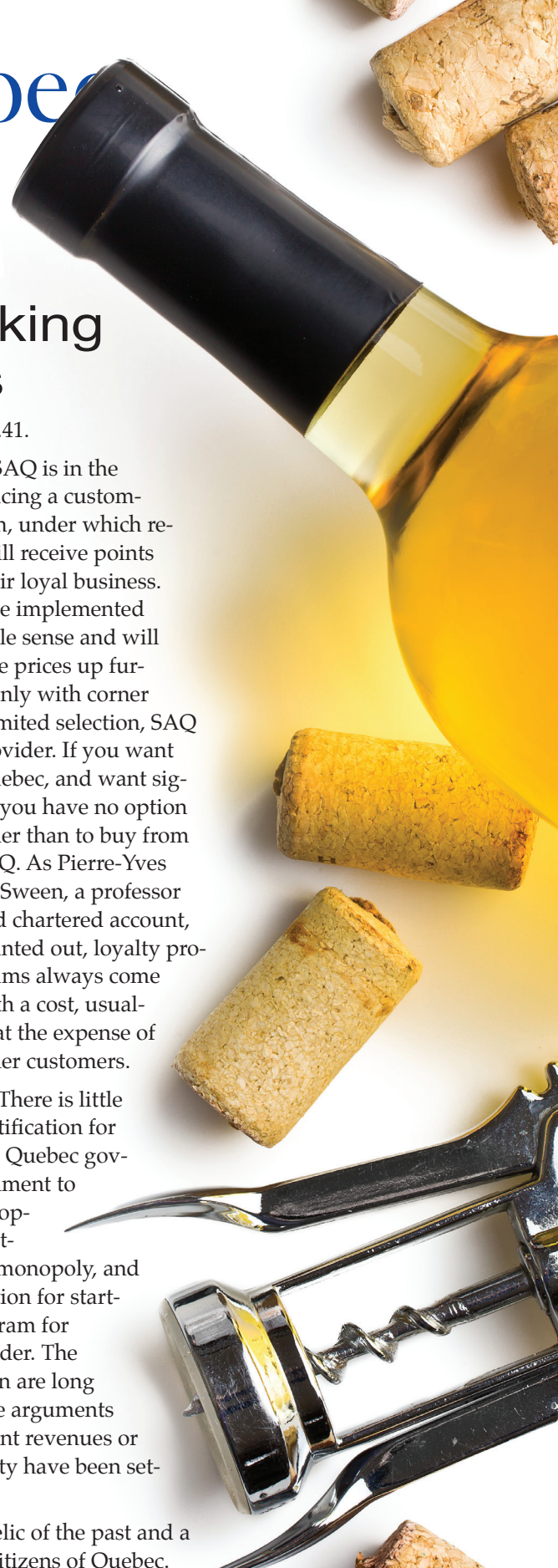
other than to buy from SAQ. As Pierre-Yves McSween, a professor and chartered account, pointed out, loyalty programs always come with a cost, usually at the expense of other customers.

There is little justification for the Quebec government to be operating

1% of SAQ's wines cost less than \$10, compare this to France where 75% of wines cost less than \$4.

ing a liquor sales monopoly, and even less justification for starting a loyalty program for a monopoly provider. The days of prohibition are long gone and all of the arguments around government revenues or social responsibility have been settled.

The SAQ is a relic of the past and a disservice to the citizens of Quebec.



Hydro-Québec:

the Wasting of Quebec's Electricity Resources

Hydro-Québec (HQ) was created in the midst of the so-called Quiet Revolution (a Keynesian one, really) as a means to enrich “the (French) people” of Quebec, as electricity companies were owned by Anglophones before 1962. But looking at its track record, one can only wonder if being “*Maitres chez nous*” (Masters at home) has been such a great idea.

Indeed, the very first payout of profit HQ gave to government was in 1981, almost 20 years after the mass nationalization. There are few private corporations whose shareholders would be as patient as the Quebec government to wait two decades before reaping any profit.

Further, because the Quebec government is the sole owner of the company, it can (and has) used HQ as a political tool, notably by subsidizing electricity prices so Quebeckers would not pay market prices. Some have called it a “source of impoverishment,” especially when it comes to aluminium plants, that use a considerable amount of energy to function.

One can also call it a double standard; had any private energy company done the same, it would have been sued for unfair competition. Jacques Brassard, former Energy Minister at the end of the '90s, defended this “*bloc patrimonial*”

(dams that had either been paid for or were about to be), which gave Quebec a (artificial) comparative advantage.

A Cash Cow Transforming into a Deadweight

This advantage is quickly fading away. For about a decade now, electricity production has been more or

program. Indeed, over the past 40 years, it has doubled its number of employees. It is estimated that if HQ were to lower its employee to customer ratio to the same as comparable energy companies in New England, HQ could save \$1 billion.

However, for the taxpayers, it would be better if electricity were privatized altogether. It works in Sweden: people have a choice of

If Hydro Quebec lowered its employee-customer ratio to levels in New England, it would save \$1 billion.

Daniel Johnson Dam on the Manicouagan River. Wikipedia/Doucheci



less deregulated. This has had the positive effect of encouraging additional production. However, because HQ has guaranteed small producers (mostly wind and hydro projects) that they will purchase their generation, the economics no longer make sense.

HQ's CEO, Thierry Vandal, says the combination of the economic downturn and the increase in additional private power production will cause huge electricity surpluses and a loss of about \$1.5 billion through 2020 (thanks to the guarantees). This has resulted in the Quebec government stepping in this past winter to stop the building of six small dam projects. The losses from those dams were expected to be \$24 million alone.

That's not all. Not only can't HQ manage its production, but it also works as a government make-work

what kind of power is used (coal, hydro, wind) and how their tariffs are determined (daily with supply and demand or fixed through contracts). With such competition, customers are the masters of their wallets. In Quebec, people could have a choice between hydro, wind, or even natural gas, whose production is constantly increasing thanks to shale gas.

However, with moratoria on gas production and Premier Pauline Marois not wanting to share any resource windfalls with Ottawa, Quebeckers could be waiting a while for competitive (not subsidized) energy markets. **t**

The Canadian Taxpayers Federation is pleased to be re-establishing a Quebec section of *The Taxpayer*. Writer and researcher, Pierre-Guy Veer, is a recent graduate of Université Laval. He was born and raised in Lévis, Quebec. Although he currently resides in Boise, Idaho, his heart still belongs to Canada.



Bad Maritime budgets, regardless of who's in power



by Kevin
Lacey
Atlantic Director

Maritimers recently saw a series of tough budgets in the region that will have them paying more taxes while government spending continues to rise.

It didn't seem to matter which political party was at the helm – New Brunswick led by the Conservatives, Nova Scotia by the NDP or Prince Edward Island by the Liberals – all pursued similar fiscal policies.

New Brunswick: Hard Times

With one stroke of the pen, the New Brunswick Finance Minister

wiped out the tax reductions that the CTF fought for and won back in 2007. Instead, as of July 1, New Brunswickers were hit with some of the largest tax increases in the province's history.

These tax increases will raise an estimated \$180 million – a huge amount for a small province.

Any working New Brunswicker who makes more than \$30,000 a year will pay more tax next year. The changes affect those in the middle and upper-middle income

bracket the most.

Anyone earning \$60,000 to \$90,000 will pay between \$796 and \$1,780 more in income taxes. Someone earning more than \$120,000 will pay over \$3,000 more in income taxes.

The province did spare about 380,000 New Brunswickers (the province has a population of about 750,000) from paying more tax as most of them make less than \$30,000 in taxable income.

The greatest impact will be on the province's ability to attract top talent as well as needed professionals in such sectors as health and

**Any New
Brunswicker
earning \$60,000
to \$90,000 will
pay between
\$796 and \$1,780
more in income
taxes.**



education. Why wouldn't doctors avoid New Brunswick in order to keep more of their pay?

And the tax changes promise to further slow an already sluggish provincial economy. New Brunswick has among the highest unemployment and lowest economic growth of any province in Canada.

Until these tax changes, New Brunswick boasted the lowest tax burden in the Maritimes. As of July 1, that's out the window. The province is now alongside Nova Scotia and PEI among the higher-taxed jurisdictions in the country.

The toughest part to swallow is the budget deficit. It will actually go up despite the hike in taxes, because other revenues are declining while the government continues to spend the same as in the previous year.

This past year, the province ran a \$411 million deficit. Even with higher income taxes, increases in user fees and other revenue measures, the province will run a \$478 million deficit next year, requiring a 16% increase in annual borrowing.

The government is now taking more out of everyone's pockets. What will they do when they have to get the costs of government under control? With an election in 2014, the government needs to prove to voters that it has the debt and deficit problem under control. Otherwise, voters will be bearing all of the sacrifice while government continues to spend – not a good starting point as the governing Tories head to the polls.

There are opportunities ahead: talk of an oil pipeline from Alberta, shale gas development and a resurging forestry sector. But the province can't take advantage of those opportunities if higher tax-

es make living and working there uncompetitive.

Nova Scotia: Balanced Budget?

With much fanfare, Nova Scotia's Finance Minister delivered a balanced budget – the first in the province since 2006.

This year, Nova Scotia is one of only three provinces to present a balanced budget.

(The others are officially Saskatchewan and British Columbia.)

But before taxpayers uncork the champagne, scratching the surface finds the balanced budget commitment may be little more than pre-election posturing.

The bal-

Will Nova Scotia experience the massive economic growth in 2013-14, the government is projecting?

anced budget is based on assumptions that the province will see massive economic growth in 2013-14. For example, revenue projections in the budget are based on the economy outpacing the average of the other nine provinces. That's a feat that the small province has never accomplished in modern times.

The tougher part to figure is how government projections could be so ambitious considering thousands of jobs were lost in

the forestry sector in the past year, the unemployment rate is above nine per cent (double that of Alberta), major projects such as the Irving Shipbuilding contract for Canada's new navy frigates will be delayed a year, and the Sable Offshore gas field is beginning to wind down.

In other words, the government's projections are so rosy that you'd have to believe the province is going to buck every economic trend for the past decade and grow by such a huge amount that it will easily cover the more than \$300-million deficit of the year before.

A balanced budget would mean more to Nova Scotians than just good government. If the

government manages to balance its books, it promises that in 2014-15 it will reduce the sales tax to 13% from 15%.

An important tax cut, considering Nova Scotians pay the highest combined taxes relative to their economy of any place in

Canada.

So is a balanced budget possible in 2014? Yes... Likely? No.

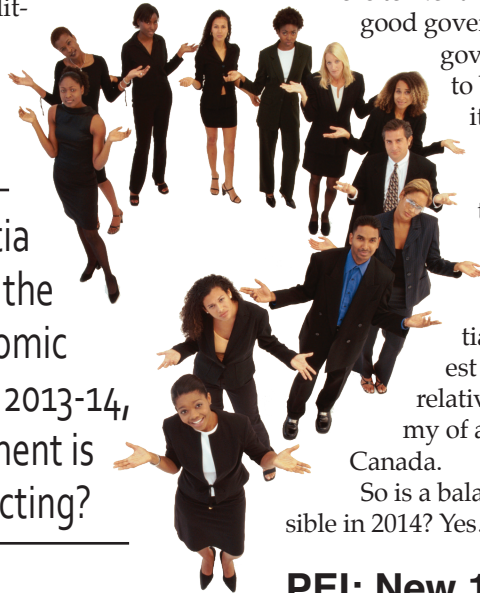
PEI: New 14% HST

On April 1, Island residents started paying a new 14% HST.

That will cost residents about \$60 million dollars a year in extra taxes. But that isn't the only tax increase facing Islanders in 2013-14.

The provincial government also increased the small business tax by – get this – a whopping 350%! The province moved its small business tax rate from 1% to 4.5%.

PEI now has the highest small business tax rate in Atlantic Canada. **t**



If you're only checking out the *The Taxpayer* magazine, you're missing out on all the great stuff the Canadian Taxpayers Federation is doing online. Here's a sample ...

PHOTO CP IMAGES

facebook

In June, to coincide with the re-launch of the CTF's campaign for Equalization reform, a meme pointing out the folly of our national Equalization program was posted on Facebook. A 'meme' is a picture with words on it. A well-produced meme will be shared many more times than a post that contains the same information in text only.

This meme showing Quebec Premier Pauline Marois along with a quote from one of her YouTube vide-

os (translated to English) was given thumbs up by 437 people on Facebook, shared by 1,067 people on their own Facebook wall and was seen by 58,660 people!

If you haven't already stopped by the CTF's Facebook page and clicked "Like" please do. It's located at <http://www.facebook.com/TaxpayerDOTcom>.

If you have already "Liked" the CTF's Facebook page and want to make sure you're seeing everything we post, be sure to visit

"If one day, we produce oil and gas in Quebec, why would we let half of this wealth go down the road to Ottawa?"

Premier Pauline Marois

Share this photo if you think Quebec should have its Equalization taps turned off.

Taxpayer.com

the page again and click on the Like button again, and then click on "get notifications."

twitter

Be sure to follow CTF staff on twitter for instant commentary on the day's hottest issues as well as facts, figures and news stories you might have missed:

Scott Hennig – Vice President, Communications (@[ScottHennig](#)): I'm sure Ms. Rempel is pleased to be in cabinet, but it's a shame PM Harper didn't eliminate WED and put her elsewhere. [#cdnpoli](#) (July 15, 2013)

Jordan Bateman – B.C. Director (@[JordanBateman](#)): Media, how about a comprehensive list of all SkyTrain failures in the past months, & the causes announced by TransLink. Happening a lot. (July 17, 2013)

Derek Fildebrandt – Alberta Director (@[DFildebrandt](#)): I wonder if the Canadian Taxpayers Federation is on any party or government's "enemies list"? But if we were, we wouldn't cry about it. (July 16, 2013)

Colin Craig – Prairie Director (@[ColinCraig1](#)): How many petition signatures are we presenting? This many (Pepsi not incl.) <http://twitpic.com/d35qpt> (July 17, 2013)

Candice Malcolm – Ontario Director (@[CandiceMalcolm](#)): It's absurd when govt's

fight over other govt's funds. There is only 1 taxpayer. All new \$ comes from the same source: your wallet [#onpoli](#) (July 16, 2013)

Gregory Thomas – Federal Director (@[gthomasCTF](#)): Senate is hiring a motivational speaker. But can they afford @JustinTrudeau? [#cdnpoli](#) (June 18, 2013)

Kevin Lacey – Atlantic Director (@[KevinLaceyCTF](#)): BC & Que only two places in Canada that pay more gas tax than NS. Everywhere else is lower. (July 12, 2013)

Nick Bergamini – Research Director (@[nickbergamini](#)): Ntl net worth increases 2.1% to \$7.1T or \$202,000 per capita: <http://www.statcan.gc.ca/daily-quotidien/130620/dq130620a-eng.htm> ... [#cdnpoli](#) (June 20, 2013)



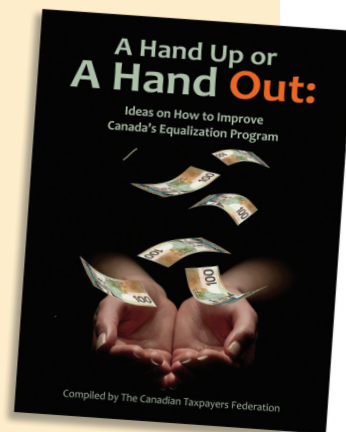
Equalization eBook

In 2012, eBooks (electronic books) made up 15% of all book sales in Canada. And the number continues to grow. The CTF, in turn, has launched a couple of short eBooks as part of a pilot project.

So if you own a Kobo, Kindle, iPad or any of the other e-readers, feel free to download the latest CTF eBook, *A Hand Up or a Hand Out: Ideas on How to Improve Canada's Equalization Program*.

The eBook is a compilation of articles penned by such prominent Canadian thinkers as Dr. Jack Mintz, the Fraser Institute's Mark Milke and Fred McMahon, Peter Holle of the Frontier Centre for Public Policy and more.

You can download the eBook for free at: <https://www.smashwords.com/books/view/323684>



By the Number



Largest Cabinet of Canada's Ten Longest Serving Prime Ministers

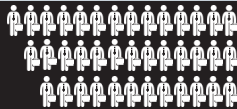
Stephen Harper
2013 – 39



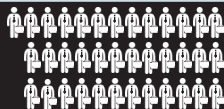
Jean Chrétien
2001 – 28



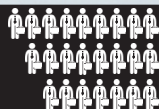
Brian Mulroney
1990 – 39



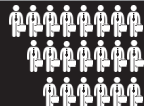
Pierre Trudeau
1973 – 37



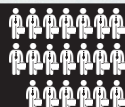
John Diefenbaker
1961 – 24



**Louis St.
Laurent** 1953 – 21



**Mackenzie
King** 1925 – 20



Robert Borden
1918 – 21



Wilfred Laurier
1898 – 16



John A Macdonald
1889 – 15



Products available at
Alberta government
liquor stores in 1992 (pre-
privatization)

2,200

Products available at private
Alberta liquor stores today

17,918

Number of cell phones and
mobile devices in Canada
today

27,000,000

Number of pay-phones in
Canada today

167,000

New FM radio stations that
have come on-air since
2000

294

AM radio stations that have
shut down since 2000

110

Tax Me I'm Canadian!

(New Edition)

Author Mark Milke (Fraser Institute) has revised his best-selling book with 80% new material.

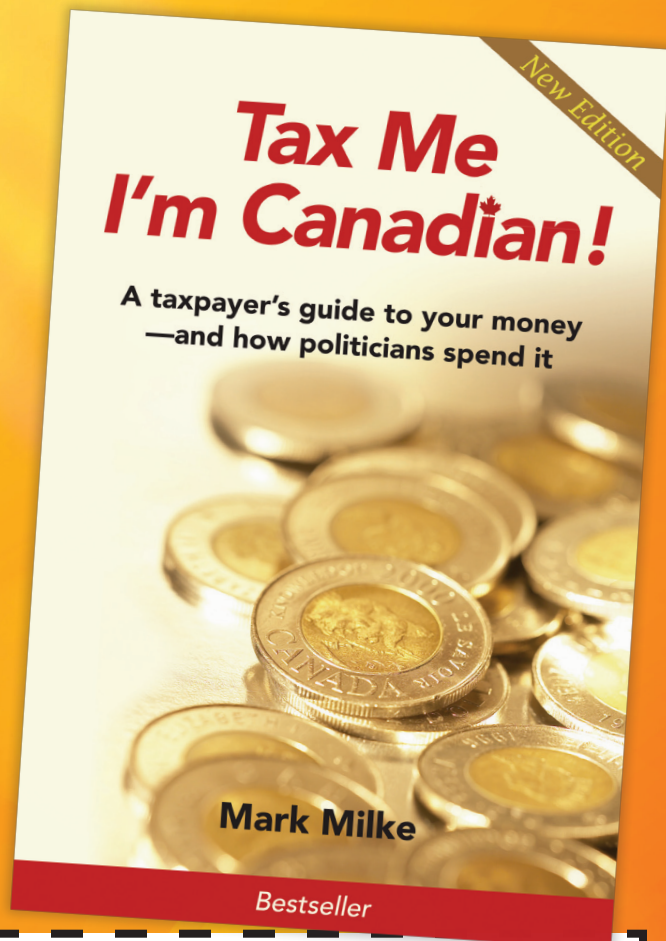
There are no sacred cows in *Tax Me I'm Canadian!* Milke details how more tax dollars won't solve the woes of Aboriginal peoples; how massive transfers from Ottawa to the provinces harm Canada; and why the welfare state is a debt-induced illusion.

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